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General Assembly

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Sixty-fifth session
Agenda item 18

Macroeconomic policy questions

Report of the Second Committee*

Rapporteur: Mr. Paul Losoko Efambe **Empole** (Democratic Republic of the Congo)

1. At its 2nd plenary meeting, on 17 September 2010, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its sixty-fifth session the item entitled:

"Macroeconomic policy questions:

"(a) International trade and development;

"(b) International financial system and development;

"(c) External debt sustainability and development"

and to allocate it to the Second Committee.

2. The Second Committee held a substantive debate jointly on sub-items (b) and (c) at its 8th and 9th meetings, on 11 October 2010, and a substantive debate on sub-item (a) at its 27th meeting, on 4 November. An account of the Committee's discussion of the item is contained in the relevant summary records (A/C.2/65/SR.8, 9 and 27). Attention is also drawn to the general debate held by the Committee at its 2nd to 6th meetings, from 4 to 6 October (see A/C.2/65/SR.2-6). An account of the Committee's further consideration of the item will be given in the addenda to the present report.

3. For its consideration of the item, the Committee had before it the following documents:

* The report of the Committee on this item is being issued in four parts, under the symbol A/65/434 and Add.1-3.

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Item 18
Macroeconomic policy questions

Letter dated 29 September 2010 from the representative of Yemen to the Secretary-General (A/65/486)

Letter dated 28 October 2010 from the representative of Nicaragua to the Secretary-General (A/65/547)

Item 18 (a)
International trade and development

Report of the Trade and Development Board on its forty-eighth executive session, Geneva, 25 November 2009 (A/65/15 (Part I))[1]

Report of the Trade and Development Board on its forty-ninth executive session, Geneva, 8 and 9 June 2010 (A/65/15 (Part II))[1]

Report of the Trade and Development Board on its fiftieth executive session, Geneva, 8 July 2010 (A/65/15 (Part III))[1]

Report of the Trade and Development Board on its fifty-seventh session, Geneva, 15-28 September 2010 (A/65/15 (Part IV) and Corr.1)[1]

Report of the Secretary-General on international trade and development (A/65/211)

Item 18 (b)
International financial system and development

Report of the Secretary-General on the international financial system and development (A/65/189)

Letter dated 27 September 2010 from the representative of Singapore to the Secretary-General (A/65/395)

Item 18 (c)
External debt sustainability and development

Report of the Secretary-General on external debt sustainability and development (A/65/155)

4. At the 8th meeting, on 11 October, introductory statements were made by the Director of the Financing for Development Office of the Department of Economic and Social Affairs (under sub-item (b)) and the Chief of the Debt and Development Finance Branch of the Division on Globalization and Development Strategies of the United Nations Conference on Trade and Development (under sub-item (c)) (see A/C.2/65/SR.8).

5. At its 27th meeting, on 4 November, the Committee heard introductory statements under sub-item (a) by the Secretary-General of the United Nations Conference on Trade and Development and the President of the Trade and Development Board (see A/C.2/65/SR.27).

[1] To be issued in *Official Records of the General Assembly, Sixty-fifth Session, Supplement No. 15* (A/65/15).

United Nations A/65/434/Add.1

General Assembly

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2 December 2010

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Sixty-fifth session
Agenda item 18 (a)

Macroeconomic policy questions: international trade and development

Report of the Second Committee*

Rapporteur: Mr. Paul Losoko Efambe **Empole** (Democratic Republic of the Congo)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 18 (see A/65/434, para. 2). Action on sub-item (a) was taken at the 27th and 29th meetings, on 4 and 18 November 2010. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/65/SR.27 and 29).

II. Consideration of draft resolution A/C.2/65/L.44

2. At the 29th meeting, on 18 November, the representative of Yemen, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "International trade and development" (A/C.2/65/L.44).

3. At the same meeting, the Committee was informed that draft resolution A/C.2/65/L.44 had no programme budget implications.

4. Also at the same meeting, the Committee adopted draft resolution A/C.2/65/L.44 by a recorded vote of 114 to 48, with 6 abstentions (see para. 6). The voting was as follows:[1]

In favour:

Afghanistan, Algeria, Angola, Antigua and Barbuda, Argentina, Armenia, Azerbaijan, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belize, Benin,

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[1] The delegations of Mauritania and Nigeria subsequently indicated that, had they been present during the voting, they would have voted in favour.

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Bolivia (Plurinational State of), Brazil, Brunei Darussalam, Burkina Faso, Burundi, Cambodia, Cape Verde, Central African Republic, Chile, China, Colombia, Comoros, Costa Rica, Côte d'Ivoire, Cuba, Democratic People's Republic of Korea, Democratic Republic of the Congo, Djibouti, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Ethiopia, Fiji, Ghana, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, India, Indonesia, Iran (Islamic Republic of), Iraq, Jamaica, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Lesotho, Liberia, Libyan Arab Jamahiriya, Madagascar, Malawi, Malaysia, Maldives, Mali, Mauritius, Micronesia (Federated States of), Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Qatar, Rwanda, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Saudi Arabia, Senegal, Sierra Leone, Singapore, Solomon Islands, South Africa, Sri Lanka, Sudan, Suriname, Swaziland, Syrian Arab Republic, Tajikistan, Thailand, Timor-Leste, Togo, Trinidad and Tobago, Tunisia, Tuvalu, Uganda, United Arab Emirates, United Republic of Tanzania, Uruguay, Uzbekistan, Venezuela (Bolivarian Republic of), Viet Nam, Yemen, Zambia, Zimbabwe.

Against:

Albania, Andorra, Australia, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Montenegro, Netherlands, New Zealand, Norway, Poland, Portugal, Republic of Moldova, Romania, San Marino, Slovakia, Slovenia, Spain, Sweden, Switzerland, the former Yugoslav Republic of Macedonia, Ukraine, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining:

Marshall Islands, Mexico, Republic of Korea, Russian Federation, Serbia, Turkey.

5. Statements in explanation of vote were made before the vote by the representatives of the United States of America and Belgium (on behalf of the European Union and Albania, Croatia, Montenegro and the former Yugoslav Republic of Macedonia, as well as the Republic of Moldova and Ukraine); a statement in explanation of vote was made after the vote by the representative of Australia, also on behalf of Canada and New Zealand (see A/C.2/65/SR.29).

III. Recommendation of the Second Committee

6. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

International trade and development

The General Assembly,

Recalling its resolutions 56/178 of 21 December 2001, 57/235 of 20 December 2002, 58/197 of 23 December 2003, 59/221 of 22 December 2004, 60/184 of 22 December 2005, 61/186 of 20 December 2006, 62/184 of 19 December 2007, 63/203 of 19 December 2008 and 64/188 of 21 December 2009 on international trade and development,

Recalling also the United Nations Millennium Declaration,[1] as well as the outcomes of the International Conference on Financing for Development,[2] the World Summit on Sustainable Development,[3] the 2005 World Summit Outcome,[4] and the Doha Declaration on Financing for Development,[5]

Recalling further the Outcome of the United Nations Conference on the World Financial and Economic Crisis and its Impact on Development,[6]

Recalling the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals and its outcome document,[7]

Taking note of the seventh session of the World Trade Organization Ministerial Conference, held in Geneva from 30 November to 2 December 2009 under the general theme "The World Trade Organization, the Multilateral Trading System and the Current Global Economic Environment",

Reaffirming the value of multilateralism to the global trading system and the commitment to achieving a universal, rule-based, open, non-discriminatory and equitable multilateral trading system that contributes to growth, sustainable development and employment generation in all sectors, and emphasizing that bilateral and regional trading arrangements should contribute to the goals of the multilateral trading system,

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[1] See resolution 55/2.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 1, annex, and resolution 2, annex.

[4] See resolution 60/1.

[5] Resolution 63/239, annex.

[6] Resolution 63/303, annex.

[7] See resolution 65/1.

Reiterating that development concerns form an integral part of the Doha Development Agenda, which places the needs and interests of developing and least developed countries at the heart of the Doha Work Programme,[8]

Noting that agriculture lags behind the manufacturing sector in the process of the establishment of multilateral disciplines and in the reduction of tariff and non-tariff barriers and that, since most of the world's poor make their living from agriculture, the livelihood and standards of living of many of them are seriously jeopardized by the serious distortions in production and trade in agricultural products caused by the high levels of export subsidies, trade-distorting domestic support and protectionism by many developed countries,

1. *Takes note* of the report of the Trade and Development Board[9] and the report of the Secretary-General;[10]

2. *Reaffirms* that international trade can be an engine for development and sustained economic growth, underlines the need to fully harness its potential in that regard, and stresses the importance of upholding a universal, rule-based, open, non-discriminatory and equitable multilateral trading system that contributes to growth, sustainable development and employment, particularly in developing countries;

3. *Notes with deep concern* that the ongoing world financial and economic crisis is still severely impacting international trade, particularly affecting developing countries, and expresses concern about the fragile and uneven state of the recovery of trade flows;

4. *Stresses* the need to resist all protectionist measures and tendencies, especially those affecting developing countries, including tariff, non-tariff and other barriers to trade, in particular agricultural subsidies, and to rectify any such measures already taken, recognizes the right of countries to fully utilize their policy space, consistent with World Trade Organization commitments, and calls upon the World Trade Organization and other relevant bodies, including the United Nations Conference on Trade and Development, to continue monitoring protectionist measures and assess their impact on developing countries;

5. *Encourages* Member States to refrain from adopting any measures or restrictions related to trade and transit that affect the access by developing countries to medicines, especially generic medicines, and medical equipment;

6. *Expresses serious concern* at the lack of progress in the negotiations of the World Trade Organization Doha Round, reiterates the call on all members of the World Trade Organization, in particular developed country members, to demonstrate the flexibility and political will necessary to break the current impasse in the negotiations, and calls for an early, balanced, ambitious and development-oriented outcome of the Doha Development Agenda of multilateral trade negotiations, in keeping with the development mandate of the Doha Ministerial Declaration,[11] the

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[8] A/C.2/56/7, annex.

[9] A/65/15 (Parts I-IV) and corrigendum. For the final text, see *Official Records of the General Assembly, Sixty-fifth Session, Supplement No. 15* (A/65/15).

[10] A/65/211.

[11] See A/C.2/56/7, annex.

decision of 1 August 2004 of the General Council of the World Trade Organization[12] and the Hong Kong Ministerial Declaration,[13] which places development at the heart of the multilateral trading system;

7. *Stresses* that, in order for the Doha Round to be concluded satisfactorily, the negotiations should strengthen the rules and disciplines in the area of agriculture, eliminate agricultural export subsidies, substantially reduce the domestic measures of support by developed countries and promote enhanced market access to developed country markets, in a balanced and development-oriented outcome, while adhering to the development mandate of the Doha Ministerial Declaration, the decision of 1 August 2004 of the General Council of the World Trade Organization and the Hong Kong Ministerial Declaration;

8. *Also stresses* the need to make substantial progress in the negotiations of the World Trade Organization complying with the mandate of the Doha Development Agenda, covering all areas under the single undertaking, such as agriculture, non-agricultural market access, services, rules and trade facilitation, as well as in the negotiations on the Dispute Settlement Understanding, to ensure that the development concerns of developing countries are fully reflected in any outcome, consistent with the development mandate of the Doha Ministerial Declaration, the decision of 1 August 2004 of the General Council of the World Trade Organization and the Hong Kong Ministerial Declaration;

9. *Reiterates its call* for completing the review work on special and differential treatment provisions, with a view to strengthening them and making them more precise, effective and operational, in accordance with paragraph 44 of the Doha Ministerial Declaration and paragraph 37 of the Hong Kong Ministerial Declaration;

10. *Calls for* finding solutions to the Implementation-Related Issues and Concerns as set out in the relevant decisions of the Doha Ministerial Conference;

11. *Reiterates its call* for accelerating work on the development-related mandate concerning the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS Agreement)[14] in the Doha Ministerial Declaration, especially on the issue of making intellectual property rules fully support the objectives of the Convention on Biological Diversity[15] and issues related to the full implementation of the Declaration on the TRIPS Agreement and Public Health[16] affecting many developing countries, including the least developed countries, especially those issues arising from HIV/AIDS, tuberculosis, malaria and other diseases;

12. *Reaffirms* the necessity of promoting the transfer and dissemination of technology and access to knowledge for the benefit of developing countries, taking fully into account the priorities and special needs of developing countries, as well as the World Intellectual Property Organization Development Agenda;

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[12] World Trade Organization, document WT/L/579. Available from http://docsonline.wto.org.

[13] World Trade Organization, document WT/MIN(05)/DEC. Available from http://docsonline.wto.org.

[14] See *Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994* (GATT secretariat publication, Sales No. GATT/1994-7).

[15] United Nations, *Treaty Series*, vol. 1760, No. 30619.

[16] World Trade Organization, document WT/MIN(01)DEC/2. Available from http://docsonline.wto.org.

13. *Reaffirms* the commitments made at the Fourth Ministerial Conference of the World Trade Organization relating to the least developed countries,[11] calls upon developed countries that have not already done so to provide immediate, predictable, duty-free and quota-free market access on a lasting basis for all products originating from all least developed countries, and welcomes the convening of the Fourth Conference on the Least Developed Countries in Istanbul in 2011;

14. *Calls for* the full implementation of the Marrakech Ministerial Decision on measures concerning the possible negative effects of the reform programme on least developed and net food-importing developing countries by providing them with technical and financial assistance in order to meet their food needs;

15. *Reaffirms* the commitment to actively pursue the work programme of the World Trade Organization with respect to addressing the trade-related issues and concerns affecting the fuller integration of countries with small, vulnerable economies into the multilateral trading system in a manner commensurate with their special circumstances and in support of their efforts towards sustainable development, in accordance with paragraph 35 of the Doha Ministerial Declaration and paragraph 21 of the Hong Kong Ministerial Declaration;

16. *Also reaffirms* its full commitment to urgently addressing the special development needs of and challenges faced by the landlocked developing countries, and calls for the full, timely and effective implementation of the Almaty Programme of Action,[17] as contained in the Declaration on the Midterm Review of the Almaty Programme of Action;

17. *Expresses its deep concern* at the imposition of laws and other forms of coercive economic measures, including unilateral sanctions, against developing countries, which undermine international law and the rules of the World Trade Organization and also severely threaten freedom of trade and investment;

18. *Calls for* facilitating the accession of all developing countries that apply for membership in the World Trade Organization, in particular the least developed countries, including countries emerging from conflict that are least developed countries, bearing in mind paragraph 21 of resolution 55/182 of 20 December 2000 and subsequent developments, and also calls for the effective and faithful application of the World Trade Organization guidelines on accession by the least developed countries;

19. *Recognizes* the urgent need to mobilize additional, non-conditional and predictable funding for Aid for Trade, including through the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries, to help to strengthen and enhance the trade capacity and international competitiveness of developing countries so as to ensure equitable benefits for them from increased trading opportunities and to foster their economic growth, and notes that the Third Global Review of Aid for Trade is to be held in Geneva in July 2011;

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[17] *Report of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, Almaty, Kazakhstan, 28 and 29 August 2003* (A/CONF.202/3), annex I.

20. *Recognizes* that South-South trade should be further strengthened, including through market access between developing countries, and in this regard takes note of the Ministerial Decision on Modalities of the São Paulo Round of the Global System of Trade Preferences among Developing Countries, adopted in Geneva on 2 December 2009, and looks forward to an early conclusion of the negotiations on the São Paulo Round;

21. *Reiterates* the important role of the United Nations Conference on Trade and Development as the focal point within the United Nations system for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development, and calls upon the international community to work towards the strengthening of the Conference, to enable it to enhance its contribution in its three major pillars, namely, consensus-building, research and policy analysis, and technical assistance, especially through increased core resources;

22. *Invites* the United Nations Conference on Trade and Development, in accordance with its mandate, to monitor and assess the evolution of the international trading system, to undertake policy analysis with a view to fostering greater coherence between the multilateral trading system and the international financial system, from a development perspective, and to support developing countries in building national capacities, including through technical assistance activities;

23. *Reaffirms* the fundamental role that competition law and policy can play for sound economic development, in accordance with national legislation, welcomes the convening of the sixth United Nations Conference to Review all Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, held in Geneva from 8 to 12 November 2010, and takes note of its final report (TD/RBP/CONF.7/11);

24. *Urges* donors to provide the United Nations Conference on Trade and Development with the increased resources necessary to deliver effective and demand-driven assistance to developing countries, as well as to enhance their contributions to the trust funds of the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and the Joint Integrated Technical Assistance Programme;

25. *Requests* the Secretary-General, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to submit to the General Assembly at its sixty-sixth session a report on the implementation of the present resolution and developments in the multilateral trading system, under the sub-item entitled "International trade and development" of the item entitled "Macroeconomic policy questions";

26. *Also requests* the Secretary-General to transmit the present resolution to the Director-General of the World Trade Organization for circulation as a document of the World Trade Organization.

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Sixty-fifth session
Agenda item 18 (b)

Macroeconomic policy questions: international financial system and development

Report of the Second Committee*

Rapporteur: Mr. Paul Losoko Efambe **Empole** (Democratic Republic of the Congo)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 18 (see A/65/434, para. 2). Action on sub-item (b) was taken at the 15th and 30th meetings, on 20 October and 22 November 2010. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/65/SR.15 and 30).

II. Consideration of draft resolutions A/C.2/65/L.3 and A/C.2/65/L.48

2. At the 15th meeting, on 20 October, the representative of Yemen, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "International financial system and development" (A/C.2/65/L.3), which read:

> "*The General Assembly*,
>
> "*Recalling* its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled 'Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity', as well as its resolutions 57/241 of 20 December 2002, 58/202 of 23 December 2003, 59/222 of 22 December 2004, 60/186 of

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22 December 2005, 61/187 of 20 December 2006, 62/185 of 19 December 2007, 63/205 of 19 December 2008 and 64/190 of 21 December 2009,

"*Recalling also* the Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome,

"*Recalling further* the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals and its outcome,

"*Expressing deep concern* over the adverse impact of the ongoing world financial and economic crisis on developing countries, which highlighted long-standing systemic fragilities and inequalities, stressing that the recovery is uneven and uncertain, that there is no guarantee that a relapse will not occur and that the systemic problems facing the global economy have to be resolved, including through the full accomplishment of the reform of the global financial system and architecture,

"*Emphasizing* the urgent need for the United Nations to assume a central and proactive role in global economic governance and reiterating the need to strengthen the leadership role of the United Nations in promoting development,

"*Reiterating* that the international financial system should sustain economic growth and support sustainable development and hunger and poverty eradication efforts in developing countries, while allowing for the coherent mobilization and deployment of all sources of financing for development, including unconditional multilateral funding, the mobilization of domestic resources, international investment flows, official development assistance, external debt relief and a universal, rule-based, open, non-discriminatory and equitable multilateral trading system,

"*Reiterating also* its call for the predictable and timely disbursement of multilateral resources and official development assistance and for putting an end to the ongoing procyclical conditionalities that curtail the available financial options for developing countries and needlessly exacerbate the financial, economic and developmental challenges faced by those countries,

"*Stressing* the importance of commitment to ensuring sound domestic financial sectors, which make a vital contribution to national development efforts, as an important component of an international financial architecture that is supportive of development,

"*Stressing also* that good governance at the international level is fundamental for achieving sustainable development, reiterating in this regard the importance of promoting global economic governance by addressing the international finance, trade, technology and investment patterns that have an impact on the development prospects of developing countries in order to ensure a dynamic and enabling international economic environment, and reiterating also that, to this effect, the international community should take all necessary and appropriate measures, including ensuring support for structural and macroeconomic reform, finding a comprehensive solution to the external debt problem and increasing the market access of developing countries,

"*Recognizing* the continued importance of good governance along with national ownership of policies and strategies, and recalling the commitment to promoting effective and efficient economic and financial institutions at all levels, which are key determinants of long-term economic growth and development, as well as to accelerating the collective recovery from the crisis,

"*Reaffirming* the need to broaden and strengthen the participation of developing countries in international economic decision-making and norm-setting bodies and processes, and stressing to that end the importance of making tangible progress in and accelerating the reform of the international financial architecture, including in respect of the issue of the voting power and voice of developing countries in the Bretton Woods institutions,

"*Recognizing* the important role to be played by increased allocations of special drawing rights in increasing global liquidity, the potential for expanded special drawing rights to contribute to global stability, equity and economic resilience, and that an enhanced role of special drawing rights would help to mitigate the inequality bias of the current global reserve system,

"*Recognizing also* the contribution of the Commission of Experts of the President of the sixty-third General Assembly on Reforms of the International Monetary and Financial System, and taking note of its final report,

"1. *Takes note* of the report of the Secretary-General;

"2. *Underlines* that the global financial and economic crisis is still ongoing, stresses that the recovery is uneven, fragile and uncertain, and recalls that the systemic problems facing the global economy have yet to be resolved;

"3. *Recognizes* the urgent need to enhance the coherence, governance and consistency of the international monetary, financial and trading systems and the importance of ensuring their openness, fairness and inclusiveness in order to complement national development efforts to ensure sustained economic growth and the achievement of the internationally agreed development goals, including the Millennium Development Goals;

"4. *Reaffirms* that global economic growth and a stable international financial system, inter alia, can support the capacity of developing countries to achieve national development goals and internationally agreed development goals, including the Millennium Development Goals, and stresses the importance of cooperative and coordinated efforts by all countries and institutions to cope with the risks of financial instability;

"5. *Stresses* the urgent need for the United Nations to assume a central and proactive role in international economic issues, and in this regard resolves to further strengthen the role of the United Nations in economic and financial affairs, including in relation to the reform and well-functioning of the international financial and economic system and architecture;

"6. *Recognizes* the work done by the ad hoc open-ended working group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development, and looks forward to the continuation of its work;

"7. *Welcomes* the establishment of an ad hoc panel of experts to produce independent technical advice and analysis, including recommendations on global financial, economic and systemic issues, to be made available to the Economic and Social Council and to the General Assembly;

"8. *Underlines* that the ongoing global financial and economic crisis has further highlighted the urgent need for a substantive and comprehensive reform of the international economic and financial system and architecture to address its democratic deficit, in keeping with the new economic realities, including with regard to policies, mandates, scope and governance, not only to better enable it to respond to and prevent financial and economic emergencies, but also to effectively promote development and equitably serve the needs of all Member States, particularly developing countries, stresses that international financial institutions, in particular, must have a clear development orientation, and calls on all Member States to participate in an open, inclusive and transparent dialogue on a new international economic and financial system and architecture;

"9. *Stresses* that developing countries must have the necessary policy space for pursuing tailored and targeted responses to the crisis in accordance with their development needs and priorities, and calls for a reformed lending and financing paradigm, including the establishment of new credit facilities, as necessary, and the prompt end to conditionalities that curtail the individualized options available to developing countries and needlessly exacerbate the financial, economic and developmental challenges faced by these countries, and within this context, while noting steps taken by the International Monetary Fund in this regard, recognizes that new and ongoing programmes still contain conditionalities and that the reformed lending and financing paradigm of the international financial institutions, with the full and fair representation of developing countries, must move forward with flexible, concessional, conditionality-free, fast-disbursing and front-loaded instruments designed to substantially and quickly assist developing countries facing financing gaps;

"10. *Underlines* that the current crisis has further highlighted the fact that reform efforts should include other standard and norm-setting and code-formulating bodies, outside the multilateral system, and that those efforts should ensure the full and fair representation of developing countries in such bodies, including the Financial Stability Board and the Basel Committee on Banking Supervision;

"11. *Underscores* that developing countries facing a shortage of foreign exchange because of the fallout from the crisis should not be denied the right to use temporary capital account measures and debt standstills in order to mitigate the adverse impacts of the crisis on the economy, jobs and incomes, including increased poverty;

"12. *Stresses* the vital need for ambitious and expeditious reform of the Bretton Woods institutions, particularly their governance structures, based on the full and fair representation of developing countries, in order to address the democratic deficit in those institutions and improve their legitimacy, and that these reforms must reflect current realities and ensure the full voice and participation of developing countries;

"13. *Calls* for International Monetary Fund and World Bank quota realignments to result in an equitable voting power distribution between developed and developing countries, without diluting the quotas and shares of individual developing countries, and reiterates that the existing quota formula, biased against developing countries, has to be improved before it is used again, and that the next realignment of quotas in favour of developing countries should go far beyond the initial modest outcome achieved during the April 2008 meeting of the Bretton Woods institutions; in this regard, as a first step, the reforms should achieve, at a minimum, parity of voting power for developing countries as a group in the decision-making process within the Bretton Woods institutions;

"14. *Stresses* that the current international reserve system based on a single national currency contributes to economic imbalances and market instability, takes note of proposals for reforming the current system, including with regard to the functions of expanded special drawing rights, and requests the Secretary-General to prepare a detailed study on the feasibility of a more efficient and equitable reserve system, including a stronger role for regional commercial and reserve arrangements, and contingent facilities for balance of payments problems;

"15. *Commits* to undertaking further examination of the role of enhanced special drawing rights in the expansion of liquidity, stabilization of the reserve system and the promotion of development, and calls for a new and significant general special drawing rights allocation, in the current basic period, to meet liquidity needs and promote development, as a first step to be followed by regular and periodic allocations of special drawing rights;

"16. *Recognizes* that an effective, inclusive multilateral surveillance should be at the centre of crisis prevention efforts and in this regard stresses the critical need for expanding the scope of regulation and supervision and making it more effective, with respect to all major financial centres, instruments and actors, including financial institutions, credit rating agencies and hedge funds, and stresses that developing countries must be given flexibility to adequately regulate their financial markets, institutions and instruments, consistent with development priorities and circumstances;

"17. *Stresses* the need to strengthen surveillance of developed countries' economic policies and their impact, inter alia, on international interest rates, exchange rates and capital flows, including private and public financing in developing countries;

"18. *Takes note* of the efforts under way to strengthen financial regulation and, in this regard, stresses that the revised standards and their implementation should be flexible enough to take into account domestic circumstances of financial markets in developing countries;

"19. *Underlines* the importance of efforts at the national level to increase resilience to financial risk, and stresses in this regard the importance of better assessment of a country's debt burden and its ability to service that debt in both crisis prevention and resolution;

"20. *Recognizes* the negative impacts of excessive short-term capital flows and requests the Secretary-General to prepare a report on the role of

capital control and prudential measures in mitigating the negative impact of those flows in developing countries;

"21. *Invites* the international financial and banking institutions to enhance the transparency of risk-rating mechanisms, noting that sovereign risk assessments made by the private sector should maximize the use of strict, objective and transparent parameters, which can be facilitated by high-quality data and analysis, and encourages relevant development institutions, including the United Nations Conference on Trade and Development, to continue their work on the issue, including its potential impact on the development prospects of developing countries;

"22. *Calls on* the multilateral, regional and subregional development banks and development funds to play a vital role in serving the development needs of developing countries and countries with economies in transition, including through coordinated action, as appropriate, and stresses that strengthened regional development banks and subregional financial institutions add flexible financial support to national and regional development efforts, thus enhancing their ownership and overall efficiency, and in this regard calls on the international community to ensure that multilateral regional and subregional development banks are adequately funded;

"23. *Stresses* the importance of enhanced regional and subregional efforts such as subregional development banks, regional and subregional reserve currency arrangements and regional and subregional integration initiatives, which may have an important complementary role in liquidity provision and development;

"24. *Also stresses* the need to continuously improve standards of corporate and public sector governance, including accounting, auditing and measures to ensure transparency;

"25. *Further stresses* the urgent need to review the agreement between the United Nations and the Bretton Woods institutions, in collaboration with these institutions, focusing particular attention on the mechanisms for enhancing coordination and cooperation between the United Nations and the respective Bretton Woods institutions and the opportunities for contributing to strengthening the development mandates and effectiveness of the Bretton Woods institutions as part of the ongoing process of reforming and strengthening the international financial and economic system and architecture;

"26. *Requests* the Secretary-General to submit a report to the General Assembly at its sixty-sixth session on the implementation of the present resolution;

"27. *Decides* to include in the provisional agenda of its sixty-sixth session, under the item entitled 'Macroeconomic policy questions', the sub-item entitled 'International financial system and development'."

3. At its 30th meeting, on 22 November, the Committee had before it a draft resolution entitled "International financial system and development" (A/C.2/65/L.48), submitted by the Vice-Chair of the Committee, Erik Lundberg

(Finland), on the basis of informal consultations held on draft resolution A/C.2/65/L.3.

4. At the same meeting, the Committee was informed that draft resolution A/C.2/65/L.48 had no programme budget implications.

5. Also at the same meeting, the Vice-Chair of the Committee, made a statement, in the course of which he orally corrected draft resolution A/C.2/65/L.48 as follows:

(a) In the last preambular paragraph, the word "recommendations" was replaced by the word "report";

(b) In operative paragraph 19, the words ", in addition," were added before the words "encourages efforts".

6. Also at its 30th meeting, the Committee adopted draft resolution A/C.2/65/L.48, as orally corrected (see para. 9).

7. Before the adoption of draft resolution A/C.2/65/L.48, the representative of the United States of America made a statement (see A/C.2/65/SR.30).

8. In the light of the adoption of draft resolution A/C.2/65/L.48, draft resolution A/C.2/65/L.3 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

9. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

International financial system and development

The General Assembly,

Recalling its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled "Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity", as well as its resolutions 57/241 of 20 December 2002, 58/202 of 23 December 2003, 59/222 of 22 December 2004, 60/186 of 22 December 2005, 61/187 of 20 December 2006, 62/185 of 19 December 2007, 63/205 of 19 December 2008 and 64/190 of 21 December 2009,

Recalling also the United Nations Millennium Declaration[1] and its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development,[2] and the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"),[3]

Recalling further the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008,[4]

Recalling the Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome,[5]

Recalling also the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals and its outcome,[6]

Recognizing the work undertaken by the Ad Hoc Open-ended Working Group of the General Assembly to follow up on the issues contained in the outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development, and taking note of its progress report,[7]

Taking note of the decisions taken at the 2010 spring and annual meetings of the International Monetary Fund and the World Bank,

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[1] See resolution 55/2.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

[4] Resolution 63/239, annex.

[5] Resolution 63/303, annex.

[6] See resolution 65/1.

[7] A/64/884.

Expressing deep concern about the ongoing adverse impacts, particularly on development, of the world financial and economic crisis, the worst since the Great Depression, and recognizing that, while global growth is returning, there is a need to sustain the recovery, which is fragile and uneven,

Stressing in this regard the need to address the long-standing systemic fragilities and imbalances highlighted by the global crisis, and the need for continuing efforts to reform and strengthen the international financial system,

Reaffirming the purposes of the United Nations, as set forth in the Charter, including to achieve international cooperation in solving international problems of an economic, social, cultural or humanitarian character and to be a centre for harmonizing the actions of nations in the attainment of common ends, and reiterating the need to strengthen the leadership role of the United Nations in promoting development,

Reiterating that the international financial system should support sustained, inclusive and equitable economic growth, sustainable development and hunger and poverty eradication efforts in developing countries, while allowing for the coherent mobilization of all sources of financing for development,

Stressing the importance of commitment to ensuring sound domestic financial sectors, which make a vital contribution to national development efforts, as an important component of an international financial architecture that is supportive of development,

Recognizing the continued importance of good governance along with national ownership of policies and strategies, and recalling the commitment to promoting effective and efficient economic and financial institutions at all levels, which are key determinants of long-term, sustainable and inclusive economic growth and development, as well as to accelerating the collective recovery from the crisis, including through improved transparency, eradication of corruption and strengthened governance,

Stressing that good governance at the international level is fundamental for achieving sustainable development, reiterating in this regard the importance of promoting global economic governance by addressing the international finance, trade, technology and investment patterns that have an impact on the development prospects of developing countries in order to ensure a dynamic and enabling international economic environment, and reiterating also that, to this effect, the international community should take all necessary and appropriate measures, including ensuring support for structural and macroeconomic reform, finding a comprehensive solution to the external debt problem and increasing the market access of developing countries,

Taking note of the report of the Commission of Experts on Reform of the International Monetary and Financial System convened by the President of the sixty-third session of the General Assembly,[8]

1. *Takes note* of the report of the Secretary-General;[9]

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[8] See A/63/838.

[9] A/65/189.

2. *Recognizes* the urgent need to enhance the coherence, governance and consistency of the international monetary, financial and trading systems and the importance of ensuring their openness, fairness and inclusiveness in order to complement national development efforts to ensure sustained economic growth and the achievement of the internationally agreed development goals, including the Millennium Development Goals;

3. *Notes* the important efforts undertaken nationally, regionally and internationally to respond to the challenges posed by the financial and economic crisis, in order to ensure a full return to growth with quality jobs, to reform and strengthen financial systems and to create strong, sustainable and balanced global growth;

4. *Reaffirms* that global economic growth and a stable international financial system, inter alia, can support the capacity of developing countries to achieve their national policy objectives and internationally agreed development goals, including the Millennium Development Goals, and stresses the importance of cooperative and coordinated efforts by all countries and institutions to cope with the risks of financial instability;

5. *Notes* that the United Nations, on the basis of its universal membership and legitimacy, provides a unique and key forum to discuss international economic issues and their impact on development, and reaffirms that the United Nations is well positioned to participate in various reform processes aimed at improving and strengthening the effective functioning of the international financial system and architecture, while recognizing that the United Nations and the international financial institutions have complementary mandates which make the coordination of their actions crucial;

6. *Recalls*, in this regard, the resolve to strengthen the coordination of the United Nations system and multilateral financial, trade and development institutions so as to support economic growth, poverty eradication and sustainable development worldwide, on the basis of a clear understanding of and respect for their mandates and governance structures;

7. *Stresses* that the economic and financial crisis has highlighted the need for reform as well as added new impetus to ongoing international discussions on the reform of the international financial system and architecture, including on issues related to mandate, scope, governance, responsiveness and development orientation, as appropriate, and in this regard encourages continued open, inclusive and transparent dialogue;

8. *Recalls* that countries must have the necessary flexibility to implement counter-cyclical measures and to pursue tailored and targeted responses to the crisis, and calls for a streamlining of conditionalities to ensure that they are timely, tailored and targeted and support developing countries in the face of financial, economic and development challenges;

9. *Notes*, in this regard, the recent improvement of the lending framework of the International Monetary Fund through, inter alia, streamlined conditions and the creation of more flexible instruments such as a flexible credit line, while also noting that new and ongoing programmes should not contain unwarranted procyclical conditionalities;

10. *Reaffirms* the need to address the often expressed concern regarding the extent of representation of developing countries in the major standard-setting bodies, therefore welcomes, as a step in the right direction, the expansion of the membership in the Financial Stability Forum, re-established in 2009 as the Financial Stability Board, and in the Basel Committee on Banking Supervision, as well as their increased outreach to non-members, and encourages the major standard-setting bodies to further review their membership while enhancing their effectiveness, with a view to expanding the representation of developing countries as appropriate;

11. *Recognizes* the role of private capital flows in mobilizing financing for development, stresses the challenges posed by excessive short-term capital inflows to many developing countries, encourages further review of the benefits and disadvantages of macroprudential measures available to mitigate the impact of volatile capital flows, and requests the Secretary-General to take this into account in preparing his report on the implementation of the present resolution;

12. *Notes* that developing countries can seek to negotiate, as a last resort, on a case-by-case basis and through existing frameworks, agreements on temporary debt standstills between debtors and creditors in order to help to mitigate the adverse impacts of the crisis and stabilize macroeconomic developments;

13. *Reaffirms* the need to continue to broaden and strengthen the participation of developing countries in international economic decision-making and norm-setting, takes note of recent important decisions on reform of the governance structures, quotas and voting rights of the Bretton Woods institutions, better reflecting current realities and enhancing the voice and participation of developing countries, and reaffirms the need to continue the reform of the governance of those institutions in order to deliver more effective, credible, accountable and legitimate institutions;

14. *Calls*, in this regard, for the swift implementation of the reform in the voting power of developing countries and countries in transition in the World Bank, as endorsed by the Development Committee in its communiqué of 25 April 2010, and of the decision taken by the Executive Board of the International Monetary Fund on 5 November 2010 on quotas, voting shares and governance;

15. *Notes* that allocations of special drawing rights have contributed to increased global liquidity, and that there are discussions on policy options to promote long-term stability and the proper functioning of the international monetary system, including the potential role of special drawing rights and the complementary role of various regional arrangements therein, and requests the Secretary-General to take this into account in preparing his report on the implementation of the present resolution;

16. *Recognizes* that effective, inclusive multilateral surveillance should be at the centre of crisis prevention efforts, and stresses the need to strengthen surveillance of economic policies of countries with major financial centres and their impact, inter alia, on international interest rates, exchange rates and capital flows, including private and public financing in developing countries;

17. *Stresses* the critical need for making regulation and supervision more effective, especially with respect to all major financial centres, instruments and actors, including systemically important financial institutions, credit-rating agencies and hedge funds, and takes note of the efforts under way in this regard, including

those of the Basel Committee on Banking Supervision and the Financial Stability Board, and also stresses, while recognizing different national starting points and circumstances, the importance of global regulatory convergence to prevent regulatory arbitrage, and the global implementation of standards;

18. *Invites* the international financial and banking institutions to enhance the transparency of risk-rating mechanisms, noting that sovereign risk assessments made by the private sector should maximize the use of strict, objective and transparent parameters, which can be facilitated by high-quality data and analysis, and encourages relevant development institutions, including the United Nations Conference on Trade and Development, to continue their work on the issue, including its potential impact on the development prospects of developing countries;

19. *Calls upon* the multilateral, regional and subregional development banks and development funds to continue to play a vital role in serving the development needs of developing countries and countries with economies in transition, including through coordinated action, as appropriate, and stresses that strengthened regional development banks and subregional financial institutions can add flexible financial support to national and regional development efforts, thus enhancing their ownership and overall efficiency, and in this regard welcomes recent capital increases at multilateral regional development banks and, in addition, encourages efforts to ensure that subregional development banks are adequately funded;

20. *Encourages* enhanced regional and subregional cooperation, including through regional and subregional development banks, commercial and reserve currency arrangements and other regional and subregional initiatives;

21. *Stresses* the need to continuously improve standards of corporate and public sector governance, including those related to accounting, auditing and measures to ensure transparency, noting the disruptive effects of inadequate policies;

22. *Requests* the Secretary-General to submit a report to the General Assembly at its sixty-sixth session on the implementation of the present resolution, to be prepared in cooperation with the Bretton Woods institutions and other relevant stakeholders;

23. *Decides* to include in the provisional agenda of its sixty-sixth session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "International financial system and development".

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Macroeconomic policy questions: external debt sustainability and development

Report of the Second Committee*

Rapporteur: Mr. Paul Losoko Efambe **Empole** (Democratic Republic of the Congo)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 18 (see A/65/434, para. 2). Action on sub-item (c) was taken at the 17th and 32nd meetings, on 21 October and 30 November 2010. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/65/SR.17 and 32).

II. Consideration of draft resolutions A/C.2/65/L.6 and A/C.2/65/L.59

2. At the 16th meeting, on 21 October, the representative of Yemen, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "External debt sustainability and development" (A/C.2/65/L.6), which read:

> "*The General Assembly*,
>
> "*Recalling* its resolutions 58/203 of 23 December 2003, 59/223 of 22 December 2004, 60/187 of 22 December 2005, 61/188 of 20 December 2006, 62/186 of 19 December 2007, 63/206 of 19 December 2008 and 64/191 of 21 December 2009,
>
> "*Recalling also* the United Nations Millennium Declaration, adopted on 8 September 2000,
>
> "*Recalling further* its resolution 57/270 B of 23 June 2003,

* The report of the Committee on this item is being issued in four parts, under the symbol A/65/434 and Add.1-3.

Please recycle

"*Recalling* the 2005 World Summit Outcome,

"*Recalling also* its resolution 60/265 of 30 June 2006 on the follow-up to the development outcome of the 2005 World Summit, including the Millennium Development Goals and the other internationally agreed development goals,

"*Recalling further* the International Conference on Financing for Development and its outcome, and the 2008 Doha Declaration on Financing for Development,

"*Recalling* the 2009 Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome,

"*Recalling also* the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals and its outcome,

"*Recognizing* the important role, on a case-by-case basis, of debt relief, debt restructuring and debt cancellation as debt crisis prevention and management tools for mitigating the adverse impact of the world financial and economic crisis in developing countries,

"*Recognizing also* that national efforts made by developing countries in the achievement of development goals should be complemented by supportive global programmes, measures and policies aimed at expanding the development opportunities of developing countries, while taking into account national conditions and ensuring respect for national ownership, strategies and sovereignty,

"*Reaffirming* that multilateral institutions, including the United Nations and the Bretton Woods institutions, and other relevant organizations should continue to play an important role, given their respective mandates, in assisting countries in achieving and maintaining debt sustainability,

"*Reiterating* that debt sustainability depends on a confluence of many factors at the international and national levels, and emphasizing that country-specific circumstances and the impact of external shocks, such as the world financial and economic crisis, should continue to be taken into account in debt sustainability analyses,

"*Emphasizing* that debt sustainability is essential for underpinning growth, and underlining the importance of debt sustainability and effective debt management to the efforts to achieve national development goals, including the Millennium Development Goals,

"*Acknowledging* that debt crises tend to be costly and disruptive, especially for the poor and other vulnerable groups, and that they also have a negative impact on access to social services, including education and health services, reducing human capital accumulation and long-term economic growth,

"*Recognizing* the importance of international responses to the emerging and persistent challenges associated with the world financial and economic crisis, and acknowledging that many developing countries are being hit by large negative external shocks that are reversing their development gains, undermining the achievement of the Millennium Development Goals by 2015

and making aid commitments and global solidarity ever more essential to the attainment of a positive outcome for all,

"*Expressing concern* that the negative impact of the world financial and economic crisis on development is still unfolding and is threatening the debt sustainability of developing countries through, inter alia, its impact on the real economy, the increase in borrowing undertaken to mitigate the negative impacts of the crisis, and the volatility of aid flows and capital flows, which has increased the risks to the debt sustainability of many developing countries,

"*Recognizing* that the turnaround of capital flows, in particular short-term inflows of speculative capital, may push countries with limited international monetary reserves into a financial and currency crisis, and stressing the need for a coherent international monetary system that supports these countries in order to prevent the fall of their national currencies,

"*Noting with appreciation* that the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative and bilateral donors have provided significant debt relief to thirty countries that have reached the completion point and six countries that have reached the decision point under the Heavily Indebted Poor Countries Initiative, and expressing concern that four out of forty eligible heavily indebted poor countries have still not reached the decision point,

"*Noting* that, while the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative have enabled some heavily indebted poor countries to increase their investments in health, education and other social services, consistent with national priorities, development plans and the internationally agreed development goals, including the Millennium Development Goals, some post-completion-point countries remain classified as being at high risk of debt distress, and need to avoid rebuilding unsustainable debt burdens after reaching the completion point under the Heavily Indebted Poor Countries Initiative,

"*Stressing* the importance of addressing the challenges of the ten eligible countries that are facing difficulties in reaching the decision or completion point under the Initiative, and expressing concern that nearly all of them are classified as fragile economies, which indicates their need for additional assistance to expedite debt relief,

"*Convinced* that enhanced market access for goods and services of export interest to developing countries contributes significantly to debt sustainability in those countries,

"1. *Takes note* of the report of the Secretary-General on external debt sustainability and development;

"2. *Emphasizes* the special importance of a timely, effective, comprehensive and durable solution to the debt problems of developing countries in order to ensure their economic growth and development;

"3. *Stresses* the importance of responsible lending and borrowing, emphasizes that creditors and debtors must share responsibility for preventing unsustainable debt situations, and calls upon all Member States, and encourages the representatives of the Bretton Woods institutions, the regional

development banks and other relevant multilateral financial institutions and stakeholders, to contribute to the ongoing discussions on the initiative of the United Nations Conference on Trade and Development to promote responsible sovereign lending and borrowing, with a view to the establishment of a set of voluntary principles and guidelines on responsible and sustainable lending and borrowing practices for creditors and debtors;

"4. *Underscores* the fact that no single indicator should be used to make definitive judgements about debt sustainability, and, in this regard, while acknowledging the need to use transparent and comparable indicators, invites the International Monetary Fund and the World Bank, in their assessment of debt sustainability, to take into account fundamental changes caused by, inter alia, natural disasters, conflicts and changes in global growth prospects or in the terms of trade, especially for commodity-dependent developing countries, as well as by the impact of developments in financial markets, and to continue to provide information on this issue using existing cooperation forums, including those involving Member States;

"5. *Underlines* the fact that the long-term sustainability of debt depends on, inter alia, the economic growth, mobilization of domestic resources and export prospects of debtor countries, and hence on the creation of an enabling international environment conducive to development, progress in following sound macroeconomic policies, transparent and effective regulatory frameworks and success in overcoming structural development problems;

"6. *Recognizes* the enormity and the multidimensional nature of the world financial and economic crisis and the significant risks that it poses to the debt sustainability of some developing countries and countries with economies in transition, and emphasizes the need for coordinated policies aimed at fostering counter-cyclical debt financing, debt relief and debt restructuring, with streamlined conditionalities and the provision of additional resources;

"7. *Urges* the continued monitoring by the United Nations and the international financial institutions of global financial flows and their implications for the restoration of sustained economic growth, sustainable development and debt sustainability;

"8. *Stresses* the need to assist developing countries in responding to the crisis without incurring the risk of relapsing into another debt crisis, and calls for the continued provision of concessional and grant-based financing to low-income countries to enable them to respond to the crisis;

"9. *Notes* the provision by the International Monetary Fund of interest relief to low-income countries in the form of zero-interest payments on financing from concessional lending facilities until the end of 2011, and calls for a temporary moratorium on the official debt of low-income countries until the end of 2011 in order to provide them with the much-needed fiscal space to respond to the crisis;

"10. *Also notes* that developing countries can seek to negotiate, as a last resort, on a case-by-case basis and through existing frameworks, agreements on temporary debt standstills between debtors and creditors in order to help mitigate the adverse impacts of the crisis and stabilize macroeconomic developments;

"11. *Stresses* the importance of assisting developing countries in avoiding a build-up of unsustainable debt, including through capacity-building in the area of debt management and the use of grants and concessional loans;

"12. *Underlines* the important role played by the Debt Sustainability Framework for low-income countries, jointly developed by the International Monetary Fund and the World Bank, in helping to guide borrowing and lending decisions, takes note of the recent review of the flexibility of the Framework, and encourages the continued review of the Framework with the full engagement of borrower Governments, in an open and transparent manner;

"13. *Recognizes and encourages* the continued provision of assistance, including technical assistance, to enhance debt management, negotiation and renegotiation capacities, including supporting legal advice in relation to tackling external debt litigation and debt data reconciliation between creditors and debtors, in order that debt sustainability may be achieved and maintained;

"14. *Recognizes* the gaps in the legal structure of the Paris Club agreements, and calls upon the international community to address the problems raised by litigious actions of vulture funds and the disruptive nature of their activities;

"15. *Takes note* of the progress made under the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative, while expressing concern that some countries have yet to reach decision or completion points, calls for their full and timely implementation and for the provision of continued and additional support to the remaining eligible countries in expediting the completion of the Heavily Indebted Poor Countries Initiative process, and encourages all parties, both creditors and debtors, to fulfil their commitments as rapidly as possible in order to complete the debt relief process;

"16. *Notes* that some low- and middle-income developing countries that are not included in existing debt relief initiatives also experience constraints on mobilizing the resources needed to achieve the internationally agreed development goals, and stresses the need for the provision of new and additional resources to assist these countries in coping with the consequences of the crisis, and therefore calls for an extension of the sunset clause in order to make it applicable to countries not currently included under these initiatives;

"17. *Underlines* the fact that heavily indebted poor countries eligible for debt relief will not be able to enjoy its full benefits unless all creditors, including public and private, contribute their share and become involved in the international debt resolution mechanisms to ensure the debt sustainability of these countries;

"18. *Encourages* donor countries to take steps to ensure that resources provided for debt relief under the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative do not detract from official development assistance resources intended to be available for developing countries;

"19. *Encourages* further improvement of the mutual exchange of information, on a voluntary basis, on borrowing and lending among all creditors and borrowers;

"20. *Takes note* of the International Monetary Fund lending facilities created in response to the crisis, calls for their continued review through, inter alia, the elimination of tight ex ante conditions, and urges the multilateral development banks to move forward on flexible, concessional, fast-disbursing and front-loaded assistance that will substantially and quickly assist developing countries facing financing gaps in their efforts to achieve the Millennium Development Goals, bearing in mind that new lending facilities will have to consider those countries' individual absorptive capacities and debt sustainability;

"21. *Welcomes and encourages* the efforts of the heavily indebted poor countries, calls upon them to continue to strengthen their domestic policies to promote economic growth and poverty eradication through, inter alia, the creation of a domestic environment conducive to private-sector development, a stable macroeconomic framework, and transparent and accountable systems of public finance, and in this regard invites creditors, both private and public, that are not yet fully participating in debt relief initiatives to substantially increase their participation, including by providing comparable treatment to the extent possible to debtor countries that have concluded sustainable debt relief agreements with creditors, and invites the international financing institutions and the donor community to continue to provide adequate and sufficiently concessional financing;

"22. *Stresses* that debt relief can play a key role in liberating resources that should be directed towards activities consistent with poverty eradication, sustained economic growth, economic development and the internationally agreed development goals, including the Millennium Development Goals, and in this regard urges countries to direct those resources freed through debt relief, in particular through debt cancellation and reduction, towards those objectives;

"23. *Calls for* the consideration of additional measures and initiatives aimed at ensuring long-term debt sustainability through increased grant-based and other forms of concessionary financing, the cancellation of 100 per cent of the eligible official multilateral and bilateral debt of heavily indebted poor countries and, where appropriate, and on a case-by-case basis, significant debt relief or restructuring for developing countries with an unsustainable debt burden that are not part of the Heavily Indebted Poor Countries Initiative;

"24. *Also calls for* the adoption of policies for mitigating the prevalence and cost of debt crises which involve the promotion of newer, safer debt instruments and regulation aimed at reducing destabilizing capital flows;

"25. *Acknowledges* the inability to implement long-term forecasts, stresses the need to move towards a debt structure under which repayment is explicitly linked to a country's ability to pay in the short and medium term, and promotes the use of debt indexed to gross domestic product or commodity prices as well as debt denominated in local currency, as these debt instruments play an important role in insulating countries from external shocks and increase debt sustainability;

"26. *Notes* that an effective international lender of last resort can serve as an instrument for crisis prevention and management by committing to

provide financing if a liquidity crisis arises, and calls for the creation of a well-functioning international lender of last resort, complemented by domestic and international capital account management policies aimed at limiting destabilizing capital flows;

"27. *Recognizes* the need to adequately address sovereign debt crises and calls for the establishment of a United Nations working group that includes the participation of all relevant stakeholders, including the multilateral financial institutions, to examine options for debt restructuring and resolution mechanisms that take into account the multiple dimensions of debt sustainability and how it could help developing countries to achieve the internationally agreed development goals, including the Millennium Development Goals;

"28. *Encourages* the Paris Club, in dealing with the debt of low- and middle-income debtor countries that are not part of the Heavily Indebted Poor Countries Initiative, to take into account their medium-term debt sustainability in addition to their financing gaps, and takes note with appreciation of the Evian approach of the Paris Club in providing different terms of debt relief in order to respond to the specific needs of debtor countries while preserving debt cancellation for heavily indebted poor countries;

"29. *Stresses* the need to significantly address the debt problems of middle-income developing countries, and in this regard stresses the importance of the Evian approach of the Paris Club as a practical means of addressing this issue, and notes that the current debt sustainability framework used to analyse the debt situation of middle-income countries focuses mostly on medium-term debt dynamics;

"30. *Notes* the changing composition of the sovereign debt of some countries, which has shifted increasingly from external public debt to domestic debt, notes that the levels of domestic debt could create other challenges for macroeconomic management and public debt sustainability, and calls for reinforcing the capacity of developing countries to collect and disseminate data and to manage the new levels of domestic debt in order to maintain overall public debt sustainability;

"31. *Recognizes* that a shift has occurred from official to commercial borrowing and from external to domestic public debt, although for most low-income countries external finance is still largely official, notes that the number of creditors, both official and private, has increased significantly, and stresses the need to address the implications of these changes, including through improved data collection and analysis;

"32. *Calls for* the intensification of efforts to prevent debt crises by enhancing international financial mechanisms for crisis prevention and resolution, in cooperation with the private sector, and by finding solutions that are transparent and agreeable to all;

"33. *Recognizes* the roles of the United Nations and the international financial institutions in accordance with their respective mandates, and encourages them to continue to support global efforts towards sustainable development and a durable solution to the debt problem of developing countries;

"34. *Invites* creditors and debtors to further explore, where appropriate, and on a mutually agreed and case-by-case basis, the use of innovative mechanisms such as debt swaps, including debt for equity in Millennium Development Goals projects;

"35. *Stresses* the need for the international community to avoid complacency and remain vigilant in monitoring the debt situation of least developed countries, and to take effective measures to ensure that grant and concessional financing is readily available, in addition to cancellation of the multilateral and bilateral debt owed by least developed countries;

"36. *Invites* donor countries and multilateral financial institutions to continue their efforts to increase grants and concessional loans to developing countries as the preferred modalities of financial support, which could contribute to debt sustainability in the medium to long term, and recognizes the need for countries to be able to invest in health and education, inter alia, while maintaining debt sustainability;

"37. *Stresses* the need to increase information-sharing, transparency and the use of objective criteria in the construction and evaluation of debt scenarios, including an assessment of domestic public and private debt, in order to ensure the achievement of development goals, recognizes that credit rating agencies also play a significant role in the provision of information, including the assessment of corporate and sovereign risks, and in this regard requests the Secretary-General to submit a report on oversight over credit rating agencies consistent with the agreed and strengthened international code of conduct;

"38. *Calls for* the consideration of enhanced approaches to sovereign debt restructuring mechanisms, with the broad participation of creditors and debtors, and the comparable treatment of all creditors, and in this regard welcomes and calls upon all countries to contribute to the ongoing discussions in the United Nations, the Bretton Woods institutions and other forums on the need for, and the feasibility of, a more structured framework for international cooperation in this area;

"39. *Welcomes* the efforts of and calls upon the international community to provide flexibility, and stresses the need to continue those efforts in helping post-conflict developing countries, especially those that are heavily indebted and poor, to achieve initial reconstruction for economic and social development;

"40. *Also welcomes* the efforts of and invites creditors to provide flexibility to developing countries affected by natural disasters so as to allow them to address their debt concerns, while taking into account their specific situation and needs;

"41. *Further welcomes* the efforts of and calls upon the international community to increase financial support for institutional capacity-building in developing countries for the management of financial assets and liabilities, and to enhance sustainable debt management as an integral part of national development strategies;

"42. *Invites* the United Nations Conference on Trade and Development, the International Monetary Fund and the World Bank, in cooperation with the regional commissions, development banks and other relevant multilateral financial institutions and stakeholders, to continue and intensify cooperation in respect of capacity-building activities in developing countries in the area of debt management and debt sustainability;

"43. *Recognizes* that good data can help in formulating good policies and that properly functioning statistical offices are a condition necessary for the conduct of economic policy, further acknowledges that timely and comprehensive data on the level and composition of debt are a condition necessary for, inter alia, building early warning systems aimed at limiting the impact of debt crises, calls for countries to intensify their efforts to collect data, and calls for donors to increase their support for technical cooperation programmes aimed at increasing the statistical capacity of developing countries in that regard;

"44. *Calls upon* all Member States and the United Nations system, and invites the Bretton Woods institutions and the private sector, to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits, in particular those related to the question of the external debt problems of developing countries;

"45. *Requests* the Secretary-General to submit to the General Assembly at its sixty-sixth session a report on the implementation of the present resolution and to include in that report a comprehensive and substantive analysis of the external debt situation of developing countries;

"46. *Decides* to include in the provisional agenda of its sixty-sixth session, under the item entitled 'Macroeconomic policy questions', a sub-item entitled 'External debt sustainability and development'."

3. At its 32nd meeting, on 30 November, the Committee had before it a draft resolution entitled "External debt sustainability and development" (A/C.2/65/L.59), submitted by the Vice-Chair of the Committee, Erik Lundberg (Finland), on the basis of informal consultations held on draft resolution A/C.2/65/L.6.

4. At the same meeting the Committee was informed that draft resolution A/C.2/65/L.59 had no programme budget implications.

5. Also at the same meeting, the representative of Suriname, in his capacity as the facilitator of draft resolution A/C.2/65/L.59, orally corrected the English text of the draft resolution (see A/C.2/65/SR.32).

6. At its 32nd meeting, the Committee adopted draft resolution A/C.2/65/L.59, as orally corrected (see para. 8).

7. In the light of the adoption of draft resolution A/C.2/65/L.59, draft resolution A/C.2/65/L.6 was withdrawn by its sponsors.

III. Recommendation of the Second Committee

8. The Second Committee recommends to the General Assembly the adoption of the following draft resolution:

External debt sustainability and development

The General Assembly,

Recalling its resolutions 58/203 of 23 December 2003, 59/223 of 22 December 2004, 60/187 of 22 December 2005, 61/188 of 20 December 2006, 62/186 of 19 December 2007, 63/206 of 19 December 2008 and 64/191 of 21 December 2009,

Recalling also the United Nations Millennium Declaration, adopted on 8 September 2000,[1]

Recalling further the 2005 World Summit Outcome,[2]

Recalling the International Conference on Financing for Development and its outcome[3] and the 2008 Doha Declaration on Financing for Development,[4]

Recalling also the 2009 Conference on the World Financial and Economic Crisis and Its Impact on Development and its Outcome,[5]

Recalling further the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals and its outcome,[6]

Recalling its resolution 57/270 B of 23 June 2003,

Recalling also its resolution 60/265 of 30 June 2006 on the follow-up to the development outcome of the 2005 World Summit, including the Millennium Development Goals and the other internationally agreed development goals,

Emphasizing that debt sustainability is essential for underpinning growth, underlining the importance of debt sustainability and effective debt management to the efforts to achieve national development goals, including the Millennium Development Goals, and acknowledging that sovereign debt crises tend to be costly and disruptive, including for employment and productive investment, and tend to be followed by cuts in public spending, including on health and education, affecting in particular the poor and vulnerable,

Reaffirming that each country has primary responsibility for its own development and that the role of national policies and development strategies, including in the area of debt management, cannot be overemphasized in the achievement of sustainable development, and recognizing that national efforts, including to achieve development goals and to maintain debt sustainability, should be complemented by supportive global programmes, measures and policies aimed at

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[1] See resolution 55/2.

[2] See resolution 60/1.

[3] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[4] Resolution 63/239, annex.

[5] Resolution 63/303, annex.

[6] See resolution 65/1.

expanding the development opportunities of developing countries, while taking into account national conditions and ensuring respect for national ownership, strategies and sovereignty,

Reaffirming also that multilateral institutions, including within the United Nations system and other relevant organizations, should continue to play an important role, given their respective mandates, in assisting countries in achieving and maintaining debt sustainability,

Reiterating that debt sustainability depends on a confluence of many factors at the international and national levels, and emphasizing that country-specific circumstances and the impact of external shocks, such as those derived from the world economic and financial crisis, should continue to be taken into account in debt sustainability analyses,

Recognizing the importance of efforts undertaken at the national, regional and international levels in response to the challenges derived from the world financial and economic crisis and faced by many developing countries, and acknowledging that the impacts of the crisis on development are still being felt, entail the possibility of undoing the progress made towards achieving the internationally agreed development goals, including the Millennium Development Goals, and threaten debt sustainability in some developing countries through, inter alia, the consequences on the real economy and the increase in borrowing in order to mitigate the negative impacts of the crisis,

Recognizing also the important role, on a case-by-case basis, of debt relief, including debt cancellation as appropriate, and debt restructuring as debt crisis prevention and management tools for mitigating the impact of the world financial and economic crisis in developing countries,

Recognizing further the role of private capital flows in mobilizing financing for development, stressing the challenges posed by excessive short-term capital inflows to many developing countries, including to their debt sustainability, and encouraging further review of the benefits and disadvantages of the macro-prudential measures available to mitigate the impact of volatile capital flows,

Expressing concern that some low-income countries may face increased challenges in servicing their debt,

Noting with appreciation that the Heavily Indebted Poor Countries Initiative, the Multilateral Debt Relief Initiative and bilateral donors have provided substantial debt relief to thirty countries that have reached the completion point under the Heavily Indebted Poor Countries Initiative, which has considerably reduced their debt vulnerability and enabled them to increase their investments in social services, while acknowledging with concern that some post-completion-point countries remain classified as being at high risk of debt distress and need to avoid rebuilding unsustainable debt burdens,

Noting that six additional countries have reached the decision point under the Heavily Indebted Poor Countries Initiative, and that four out of forty eligible heavily indebted poor countries still have to reach the decision point, expressing concern that nearly all of these ten eligible countries, which are facing difficulties in reaching the decision or completion point under the Initiative, are classified as fragile economies by the World Bank, and stressing the importance of assisting

these countries, as appropriate, in addressing their challenges to complete the heavily indebted poor countries process,

Convinced that enhanced market access for goods and services of export interest to developing countries contributes significantly to debt sustainability in those countries,

1. *Takes note* of the report of the Secretary-General;[7]

2. *Emphasizes* the special importance of a timely, effective, comprehensive and durable solution to the debt problems of developing countries in order to promote their economic growth and development;

3. *Stresses* the importance of responsible lending and borrowing, emphasizes that creditors and debtors must share responsibility for preventing unsustainable debt situations, and encourages Member States, the Bretton Woods institutions, the regional development banks and other relevant multilateral financial institutions and stakeholders to pursue the ongoing discussions within the framework of the initiative of the United Nations Conference on Trade and Development to promote responsible sovereign lending and borrowing, taking into account the work on this issue carried out by other organizations and forums;

4. *Urges* all lenders and borrowers to integrate debt sustainability analyses into their decisions in order to help maintain sustainable levels of debt through a coordinated and cooperative approach between borrowers and lenders, underlines the role played by the Debt Sustainability Framework for low-income countries, jointly developed by the International Monetary Fund and the World Bank, in helping to guide borrowing and lending decisions, takes note of the recent review of the flexibility of the Framework, and encourages continued review of the Framework, with the full engagement of borrower Governments, in an open and transparent manner;

5. *Reiterates* that no single indicator should be used to make definitive judgements about debt sustainability, and, in this regard, while acknowledging the need to use transparent and comparable indicators, invites the International Monetary Fund and the World Bank, in their assessment of debt sustainability, to continue to take into account the fundamental changes caused by, inter alia, natural disasters, conflicts and changes in global growth prospects or in the terms of trade, especially for commodity-dependent developing countries, as well as by the impact of developments in financial markets, and to provide information on this issue using the appropriate cooperation forums, including those involving Member States;

6. *Recognizes* that the long-term sustainability of debt depends on, inter alia, the economic growth, mobilization of domestic resources and export prospects of debtor countries, and hence on the creation of an enabling international environment conducive to development, progress in following sound macroeconomic policies, transparent and effective regulatory frameworks and success in overcoming structural development problems;

7. *Also recognizes* the enormity and the multidimensional nature of the world financial and economic crisis, which caused a sharp deterioration of the debt ratios in several developing countries, stresses the need to continue to assist

[7] A/65/155.

developing countries in avoiding a build-up of unsustainable debt so as to reduce the risk of relapsing into another debt crisis, takes note in this regard of the additional resources made available during and since the crisis through the International Monetary Fund and the multilateral development banks, and calls for the continued provision of concessional and grant-based financing to low-income countries to enable them to respond to the consequences of the crisis;

8. *Further recognizes* the roles of the United Nations and the international financial institutions in accordance with their respective mandates, and encourages them to continue to support global efforts towards sustained, inclusive and equitable growth, sustainable development and the external debt sustainability of developing countries, including through continued monitoring of global financial flows and their implications in this regard;

9. *Emphasizes* the need for coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, takes note of the recent improvement of the lending framework of the International Monetary Fund, through, inter alia, streamlined conditions and the creation of more flexible instruments, while noting that new and ongoing programmes should not contain unwarranted procyclical conditionalities, calls for the continued review of the new lending facilities, and urges the multilateral development banks to move forward on flexible, concessional, fast-disbursing and front-loaded assistance that will substantially and quickly assist developing countries facing financing gaps in their efforts to achieve the Millennium Development Goals, bearing in mind that new lending facilities will have to consider those countries' individual absorptive capacities and debt sustainability;

10. *Notes* the provision by the International Monetary Fund of interest relief to low-income countries in the form of zero-interest payments on financing from concessional lending facilities until the end of 2011, and invites the Fund to consider reviewing its concessional loan facilities for low-income countries for the post-2011 period;

11. *Also notes* that developing countries can seek to negotiate, as a last resort, on a case-by-case basis and through existing frameworks, agreements on temporary debt standstills between debtors and creditors in order to help mitigate the adverse impacts of the crisis and stabilize macroeconomic developments;

12. *Takes note* of the progress made under the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative, while expressing concern that some countries have yet to reach decision or completion points, calls for the full and timely implementation of those Initiatives and for continued support to the remaining eligible countries in completing the Heavily Indebted Poor Countries Initiative process, and encourages all parties, both creditors and debtors, to fulfil their commitments as rapidly as possible in order to complete the debt relief process;

13. *Welcomes and encourages* the efforts of the heavily indebted poor countries, calls upon them to continue to strengthen their domestic policies to promote economic growth and poverty eradication through, inter alia, the creation of a domestic environment conducive to private-sector development, a stable macroeconomic framework, and transparent and accountable systems of public finance, and in this regard invites creditors, both private and public, that are not yet

fully participating in debt relief initiatives to substantially increase their participation, including by providing comparable treatment to the extent possible to debtor countries that have concluded sustainable debt relief agreements with creditors, and invites the international financing institutions and the donor community to continue to provide adequate and sufficiently concessional financing;

14. *Underlines* the fact that heavily indebted poor countries eligible for debt relief will not be able to enjoy its full benefits unless all creditors, both public and private, contribute their fair share and become involved in the international debt resolution mechanisms to ensure the debt sustainability of those countries;

15. *Encourages* donor countries to take steps to ensure that resources provided for debt relief under the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative do not detract from official development assistance resources intended to be available for developing countries;

16. *Notes with concern* that some low- and middle-income developing countries that are not included in existing debt relief initiatives may have large debt burdens that may create constraints on mobilizing the resources needed to achieve the internationally agreed development goals, including the Millennium Development Goals, indicating a possible need to consider debt relief initiatives for those countries on a case-by-case basis;

17. *Encourages* the Paris Club, in dealing with the debt of low- and middle-income debtor countries that are not part of the Heavily Indebted Poor Countries Initiative, to take into account their medium-term debt sustainability in addition to their financing gaps, and takes note with appreciation of the Evian approach of the Paris Club in providing different terms of debt relief in order to respond to the specific needs of debtor countries while preserving debt cancellation for heavily indebted poor countries;

18. *Stresses* the need to significantly address the debt problems of middle-income developing countries, and in this regard stresses the importance of the Evian approach of the Paris Club as a practical means of addressing this issue, and notes that the current debt sustainability framework used to analyse the debt situation of middle-income countries focuses mostly on medium-term debt dynamics;

19. *Also stresses* the need for the international community to remain vigilant in monitoring the debt situation of the least developed countries and to continue to take effective measures, preferably within existing frameworks, to address the debt problem of those countries, including through the cancellation of the multilateral and bilateral debt owed by least developed countries to creditors, both public and private;

20. *Welcomes* the efforts of and calls upon the international community to provide flexibility, and stresses the need to continue those efforts in helping post-conflict developing countries, especially those that are heavily indebted and poor, to achieve initial reconstruction for economic and social development;

21. *Also welcomes* the efforts of and invites creditors to provide flexibility to developing countries affected by natural disasters so as to allow them to address their debt concerns, while taking into account their specific situation and needs;

22. *Stresses* that debt relief can play a key role in liberating resources that should be directed towards activities consistent with poverty eradication, sustained

economic growth, economic development and the internationally agreed development goals, including the Millennium Development Goals, and in this regard urges countries to direct the resources freed through debt relief, in particular through debt cancellation and reduction, towards those objectives;

23. *Calls for* the consideration of additional measures and initiatives aimed at ensuring long-term debt sustainability through increased grant-based and other forms of concessionary financing, the cancellation of 100 per cent of the eligible official multilateral and bilateral debt of heavily indebted poor countries and, where appropriate and on a case-by-case basis, significant debt relief or restructuring for developing countries with an unsustainable debt burden that are not part of the Heavily Indebted Poor Countries Initiative;

24. *Invites* donor countries, taking into account country-specific debt sustainability analyses, to continue their efforts to increase bilateral grants to developing countries, which could contribute to debt sustainability in the medium to long term, and recognizes the need for countries to be able to promote employment and productive investment and to invest in, inter alia, health and education while maintaining debt sustainability;

25. *Calls for* the intensification of efforts to prevent and mitigate the prevalence and cost of debt crises by enhancing international financial mechanisms for crisis prevention and resolution, encourages the private sector to cooperate in this regard, and invites creditors and debtors to further explore, where appropriate and on a mutually agreed, transparent and case-by-case basis, the use of new and improved debt instruments and innovative mechanisms such as debt swaps, including debt for equity in Millennium Development Goal projects, as well as debt-indexation instruments;

26. *Also calls for* the consideration of enhanced approaches to sovereign debt restructuring and debt resolution mechanisms, based on existing frameworks and principles, with the broad participation of creditors and debtors, the comparable treatment of all creditors and an important role for the Bretton Woods institutions and other relevant organizations within the United Nations system, and, in this regard, calls upon all countries to promote and contribute to the discussions, including within the United Nations and other appropriate forums, on the need for and feasibility of a more structured framework for international cooperation in this area;

27. *Notes* the changing composition of the sovereign debt of some countries, which has shifted increasingly from official to commercial borrowing and from external to domestic public debt, although for most low-income countries external finance is still largely official, also notes that the levels of domestic debt and the significantly increased number of creditors, both official and private, could create other challenges for macroeconomic management and public debt sustainability, and stresses the need to address the implications of these changes, including through improved data collection and analysis;

28. *Recognizes* concerns about increasing vulture fund litigation, and in this regard also recognizes that Paris Club agreements represent useful instruments for international cooperation and that debtor countries experience difficulties in obtaining comparable treatment from other creditors, as required by the standard clause included in those agreements;

29. *Stresses* the need to increase information-sharing, transparency and the use of objective criteria in the construction and evaluation of debt scenarios, including an assessment of domestic public and private debt, in order to ensure the achievement of development goals, recognizes that credit-rating agencies play a significant role in the provision of information, including the assessment of corporate and sovereign risks, and in this regard requests the Secretary-General to include an update on the oversight of credit-rating agencies when preparing his report on the implementation of the present resolution;

30. *Invites* the international community to continue efforts to increase support, including financial and technical assistance, for institutional capacity-building in developing countries to enhance sustainable debt management as an integral part of national development strategies, including by promoting transparent and accountable debt management systems and negotiation and renegotiation capacities and supporting legal advice in relation to tackling external debt litigation and debt data reconciliation between creditors and debtors in order for debt sustainability to be achieved and maintained;

31. *Invites* the United Nations Conference on Trade and Development, the International Monetary Fund and the World Bank, in cooperation with the regional commissions, development banks and other relevant multilateral financial institutions and stakeholders, to continue and intensify cooperation in respect of capacity-building activities in developing countries in the area of debt management and debt sustainability;

32. *Encourages* further improvement of the mutual exchange of information, on a voluntary basis, on borrowing and lending among all creditors and borrowers;

33. *Acknowledges* that timely and comprehensive data on the level and composition of debt are a condition necessary for, inter alia, building early warning systems aimed at limiting the impact of debt crises, calls for debtor and creditor countries to intensify their efforts to collect data, and calls for donors to consider increasing their support for technical cooperation programmes aimed at increasing the statistical capacity of developing countries in that regard;

34. *Calls upon* all Member States and the United Nations system, and invites the Bretton Woods institutions and the private sector, to take appropriate measures and actions for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits, in particular those related to the question of the external debt sustainability of developing countries;

35. *Requests* the Secretary-General to submit to the General Assembly at its sixty-sixth session a report on the implementation of the present resolution and to include in that report a comprehensive and substantive analysis of the external debt situation of developing countries;

36. *Decides* to include in the provisional agenda of its sixty-sixth session, under the item entitled "Macroeconomic policy questions", a sub-item entitled "External debt sustainability and development".

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Agenda item 19
Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference

Report of the Second Committee

Rapporteur: Mr. Paul Losoko Efambe **Empole** (Democratic Republic of the Congo)

I. Introduction

1. At its 2nd plenary meeting, on 17 September 2010, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its sixty-fifth session the item entitled "Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference" and to allocate it to the Second Committee.

2. The Second Committee considered the item at its 11th, 12th, 21st, 28th and 32nd meetings, on 14 and 28 October and on 12 and 30 November 2010. An account of the Committee's discussion of the item is contained in the relevant summary records (A/C.2/65/SR.11, 12, 21, 28 and 32). Attention is also drawn to the general debate held by the Committee at its 2nd to 6th meetings, from 4 to 6 October (see A/C.2/65/SR.2-6).

3. For its consideration of the item, the Committee had before it the following documents:

(a) Summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (New York, 18 and 19 March 2010) (A/65/81-E/2010/83);

(b) Summary by the President of the General Assembly of the fourth High-level Dialogue on Financing for Development (New York, 23 and 24 March 2010) (A/65/130);

(c) Report of the Secretary-General on the follow-up to and implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development (A/65/293);

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(d) Letter dated 16 August 2010 from the representatives of France, Japan, Norway and Spain to the Secretary-General (A/65/339);

(e) Letter dated 29 September 2010 from the representative of Yemen to the Secretary-General (A/65/486).

4. At the 11th meeting, on 14 October, an introductory statement was made by the Director of the Financing for Development Office of the Department of Economic and Social Affairs (see A/C.2/65/SR.11).

II. Consideration of proposals

A. Draft resolutions A/C.2/65/L.7 and A/C.2/65/L.53

5. At the 21st meeting, on 28 October, the representative of Yemen, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Follow-up International Conference on Financing for Development" (A/C.2/65/L.7), which read:

"*The General Assembly*,

"*Recalling* the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002, and the follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha, from 29 November to 2 December 2008, and its resolutions 56/210 B of 9 July 2002, 57/250 of 20 December 2002, 57/272 and 57/273 of 20 December 2002, 57/270 B of 23 June 2003, 58/230 of 23 December 2003, 59/225 of 22 December 2004, 60/188 of 22 December 2005, 61/191 of 20 December 2006, 62/187 of 19 December 2007, 63/239 of 24 December 2008 and 64/193 of 21 December 2009, as well as Economic and Social Council resolutions 2002/34 of 26 July 2002, 2003/47 of 24 July 2003, 2004/64 of 16 September 2004, 2006/45 of 28 July 2006, 2007/30 of 27 July 2007, 2008/14 of 24 July 2008, 2009/30 of 31 July 2009 and 2010/26 of 23 July 2010,

"*Recalling also* the Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome,

"*Recalling further* the High-level Plenary Meeting of the General Assembly on the Millennium Development Goals and its outcome,

"*Taking note* of the summary by the President of the General Assembly of the fourth High-level Dialogue on Financing for Development, held in New York on 23 and 24 March 2010,

"*Taking note also* of the report of the Secretary-General on the follow-up to and implementation of the Monterrey Consensus and Doha Declaration on Financing for Development,

"*Taking note further* of the note by the Secretary-General entitled 'Building on Monterrey and Doha: towards achieving the internationally agreed development goals, including the Millennium Development Goals',

"*Recalling* the progress report of the Ad Hoc Open-ended Working Group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development,

"*Deeply concerned* by the adverse impacts of the global financial and economic crisis on development, including on the capacity of developing countries to mobilize resources for development, and recognizing that an effective response to the current crisis requires timely implementation of existing aid commitments,

"*Recalling* that the Monterrey Conference is the only major United Nations summit in the economic and social field that did not result in a permanent intergovernmental body to oversee and promote the implementation of its outcome,

"1. *Reaffirms* the Monterrey Consensus of the International Conference on Financing for Development in its entirety, its integrity and its holistic approach, recalling the resolve to take concrete action to implement the Monterrey Consensus and address the challenges of financing for development in the spirit of global partnership and solidarity in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals;

"2. *Recognizes* that national efforts should be complemented by supportive global programmes, measures and policies aimed at expanding the development opportunities of developing countries, while taking into account national conditions and ensuring respect for national ownership strategies and sovereignty;

"3. *Reaffirms* the importance of ensuring appropriate and effective follow-up to the implementation of the Monterrey Consensus, as reaffirmed in the Doha Declaration on Financing for Development;

"4. *Recognizes* that the mobilization of domestic and international resources, and an enabling domestic and international environment are key drivers of development;

"5. *Underlines* that the global financial and economic crisis is still ongoing, stresses that the recovery is uneven, fragile and uncertain, and recalls that the systemic problems facing the global economy have yet to be resolved;

"6. *Reaffirms* that mobilizing financial resources for development is central to the global partnership for development, including in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals, and calls for the expeditious delivery of commitments made by developed countries in the context of the Monterrey Consensus and the Doha Declaration, including the provision of short-term liquidity, long-term development financing and grants to meet the development needs of developing countries;

"7. *Recognizes*, in this regard, the global partnership for development as the centrepiece of international cooperation for the achievement of the Millennium Development Goals in the years ahead, as reaffirmed in the United Nations Millennium Declaration, the Monterrey Consensus, the Plan of

Implementation of the World Summit on Sustainable Development ('Johannesburg Plan of Implementation'), the 2005 World Summit Outcome and the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus;

"8. *Urges* developed countries that have not yet done so to meet the target of 0.7 per cent of their gross national product for official development assistance, including 0.15 to 0.2 per cent of their gross national product for the least developed countries, and considers that, in order to meet agreed commitments and targets, it is important that developed countries establish clear and transparent timetables within their national budget allocation processes to reach the level of at least 0.5 per cent of their gross national product for official development assistance by 2010 and 0.7 per cent by 2015, at the latest;

"9. *Reaffirms* the need for new and additional resources, inter alia short-term liquidity and long-term development financing and grants, to be made available to developing countries to be utilized towards an adequate response to their development priorities;

"10. *Underlines* that aid flows to all developing countries should be more effective, sustainable, predictable, concessional and conditionality-free, including aid flows to the most vulnerable and least developed countries, and those to adequately support the efforts of middle-income countries and low-income countries to tackle their specific development challenges;

"11. *Considers* that innovative mechanisms of financing can make a positive contribution in assisting developing countries to mobilize additional resources for financing for development on a stable, predictable and voluntary basis, and that such financing should be disbursed in accordance with the priorities of developing countries, should neither replace nor negatively affect the level of traditional sources of financing and should not unduly burden those countries;

"12. *Recognizes* the considerable progress in regard to innovative sources of financing for development, calls for the scaling up of current initiatives and the development of new mechanisms, as appropriate, and considers that, as work is expanded, priorities should remain focused on providing additional, stable and supplementary resources for traditional development financing;

"13. *Also recognizes* the important role played by Special Drawing Right allocations in increasing global liquidity and contributing to global stability, equity and economic resilience, and decides to undertake urgently further examination of the role of increased emissions of Special Drawing Rights in the expansion of liquidity and the promotion of development;

"14. *Emphasizes* the great importance of a timely, effective, comprehensive and durable solution to the debt problems of developing countries, since debt financing and relief can be an important source of capital for economic growth and development;

"15. *Emphasizes* that debt sustainability is essential for underpinning growth, underlines the importance of debt sustainability and effective debt management for efforts to achieve national development goals, including the Millennium Development Goals, and encourages developed countries to allocate new and additional resources to assist developing countries in coping with the consequences of the crisis, including through concessional and grant-based financing, debt relief and debt restructuring, agreements between debtors and creditors on temporary debt standstills, and enhanced technical assistance and capacity-building in debt management, negotiation and renegotiation, in order to achieve and maintain debt sustainability;

"16. *Recognizes* that a universal, rule-based, open, non-discriminatory and equitable multilateral trading system coupled with scaled-up aid for trade, including through the enhanced integrated framework for trade-related technical assistance to least developed countries, is key to enable developing countries to reap the benefits of market access and would contribute to the achievement of the Millennium Development Goals, and calls for an early and successful conclusion of the Doha Round of trade talks that places development at its core and provides developing countries with increased opportunities to use trade as an effective tool to promote development through, inter alia, the effective implementation of duty-free and quota-free market access for all least developed countries, in conformity with the Hong Kong Ministerial Declaration adopted by the World Trade Organization in 2005 and the full operationalization of the principle of special and differential treatment;

"17. *Stresses* the need to resist all protectionist measures and tendencies, particularly by developed countries, that are affecting developing countries, including tariff, non-tariff and other barriers to trade, in particular agricultural subsidies, and to rectify any such measures already taken, recognizing the right for developing countries to fully utilize their policy space consistent with World Trade Organization commitments, and calls upon the World Trade Organization and other relevant bodies, including the United Nations Conference on Trade and Development, to continue monitoring protectionist measures and to assess their impact on developing countries;

"18. *Underlines* that the ongoing global financial and economic crisis has further highlighted the urgent need for substantive and comprehensive reform of the international economic and financial system and architecture in order to address their democratic deficit in line with the new economic realities, including with regard to policies, mandates, scope and governance, not only to better enable them to respond to and prevent financial and economic emergencies, but also effectively promote development and equitably serve the needs of all Member States, particularly developing countries;

"19. *Stresses* that international financial institutions, in particular, must have a clear development orientation, and calls upon all Member States to participate in an open, inclusive and transparent dialogue on a new international economic and financial system and architecture;

"20. *Recognizes* the importance of equity and transparency in the international financial, monitoring and trading systems, and of the full and

effective participation of developing countries in global decision-making and norm-setting;

"21. *Stresses* that the crisis has also underlined the need to address major failures such as the lack of proper regulation, supervision and monitoring of the financial sector, as well as the asymmetry between developing and developed countries in their ability to derive economic benefits from the global economy;

"22. *Underlines* the important role of the United Nations development system in advancing development and in protecting development gains in accordance with national strategies and priorities, including progress towards achieving the internationally agreed development goals, including the Millennium Development Goals, threatened by the current economic crisis;

"23. *Reaffirms* the need for a strengthened and more effective intergovernmental inclusive process to carry out the financing for development follow-up and to review progress in the implementation of commitments, identify obstacles, challenges and emerging issues and propose concrete recommendations and actions;

"24. *Underscores* the fact that the modalities of the financing for development follow-up process should be reviewed during the sixty-fifth session of the General Assembly, and decides to convene a special session of the General Assembly to address that matter;

"25. *Notes* that the Secretary-General presented concrete proposals on the further strengthening of the financing for development follow-up process for consideration by Member States at the current session of the General Assembly, including a recommendation on the establishment of a new mechanism, which should have at its centre a 'Financing for Development Committee', subsidiary either to the Economic and Social Council or to the General Assembly;

"26. *Decides* to establish a functional commission of the Economic and Social Council on financing for development;

"27. *Requests* the Economic and Social Council, at its 2011 substantive session, to establish a high-level commission on financing for development, as a functional commission of the Council, in accordance with Article 68 of the Charter of the United Nations, in order to ensure effective follow-up to the conferences on financing for development;

"28. *Requests* the President of the Economic and Social Council to elaborate a draft proposal in close consultation with Member States regarding the modalities of the commission, before the end of 2010, in order for it to be adopted during the 2011 substantive session of the Council;

"29. *Recalls* the decision to consider the need to hold a follow-up financing for development conference by 2013;

"30. *Reiterates its appeal* to Member States and other potential donors to consider contributing generously to the Financing for Development Trust Fund, which would facilitate a strengthened and more effective

intergovernmental inclusive process to carry out the financing for development follow-up;

"31. *Decides* to include in the provisional agenda of its sixty-sixth session the item entitled 'Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference', and requests the Secretary-General to submit, under that item, an analytical assessment of the state of implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development, and of the present resolution, which is to be prepared in full collaboration with the major institutional stakeholders, and to include concrete proposals on the further strengthening of the financing for development follow-up process for consideration by Member States."

6. At its 32nd meeting, on 30 November, the Committee had before it a draft resolution entitled "Follow-up to the International Conference on Financing for Development" (A/C.2/65/L.53), submitted by the Vice-Chair of the Committee, Erik Lundberg (Finland), on the basis of informal consultations on draft resolution A/C.2/65/L.7.

7. At the same meeting, the Committee was informed that draft resolution A/C.2/65/L.53 had no programme budget implications.

8. Also at the same meeting, the Committee adopted draft resolution A/C.2/65/L.53 (see para. 16, draft resolution I).

9. In the light of the adoption of draft resolution A/C.2/65/L.53, draft resolution A/C.2/65/L.7 was withdrawn by its sponsors.

B. Draft resolutions A/C.2/65/L.37 and A/C.2/65/L.57

10. At the 28th meeting, on 12 November, the representative of Yemen, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Innovative mechanisms of financing for development" (A/C.2/65/L.37), which read:

"*The General Assembly*,

"*Recalling* the United Nations Millennium Declaration, as well as the outcomes of the International Conference on Financing for Development, the World Summit on Sustainable Development and the 2005 World Summit Outcome and the Doha Declaration on Financing for Development,

"*Recalling also* the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development,

"*Recalling further* the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals and its outcome,

"*Taking note* of the informal event of the General Assembly held on 3 June 2010 on innovative sources of development finance, pursuant to resolution 64/193,

"*Recognizing* the potential of innovative sources of financing to contribute to the achievement of the internationally agreed development goals, including the Millennium Development Goals,

"*Taking note* of the ongoing work on innovative sources of financing for development,

"1. *Reaffirms* that mobilizing additional financial resources for development is central to the global partnership for development, in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals, and calls for the expeditious delivery of commitments made by developed countries in the context of the Monterrey Consensus and the Doha Declaration on Financing for Development, including the provision of short-term liquidity, long-term development financing and grants to meet the development needs of developing countries;

"2. *Urges* developed countries that have not yet done so to meet the target of 0.7 per cent of their gross national product for official development assistance, including a target of 0.15 per cent to 0.2 per cent of their gross national product to least developed countries, and calls for the establishment of clear and transparent timetables within developed country national budget allocation processes to reach the level of at least 0.5 per cent for official development assistance by 2010 and 0.7 per cent by 2015, at the latest;

"3. *Stresses* that innovative financing mechanisms can make a positive contribution in assisting developing countries to mobilize additional resources for development on a stable, predictable and voluntary basis;

"4. *Reiterates* that such financing should be disbursed in accordance with the priorities of developing countries, should not unduly burden them and should neither substitute for nor negatively affect the level of traditional sources of development financing, including official development assistance;

"5. *Highlights* the considerable progress in innovative sources of financing for development achieved to date, and stresses the importance of scaling up present initiatives and developing new mechanisms, as appropriate, with a view to providing additional, stable and supplementary resources to traditional development financing;

"6. *Decides* to convene a meeting of the Second Committee of the General Assembly during the sixty-sixth session to consider the question of innovative mechanisms of financing for development;

"7. *Requests* the Secretary-General to submit to the General Assembly at its sixty-sixth session a report examining all the current and potential effects and implications of innovative mechanisms of financing for development, taking into account that such mechanisms should be voluntary in nature and should not unduly burden developing countries."

11. At its 32nd meeting, on 30 November, the Committee had before it a draft resolution entitled "Innovative mechanisms of financing for development" (A/C.2/65/L.57), submitted by the Vice-Chair of the Committee, Erik Lundberg (Finland), on the basis of informal consultations on draft resolution A/C.2/65/L.37.

12. At the same meeting, the Committee was informed that draft resolution A/C.2/65/L.57 had no programme budget implications.

13. Also at the same meeting, the representative of France orally corrected the French text of draft resolution A/C.2/65/L.57.

14. Also at its 32nd meeting, the Committee adopted draft resolution A/C.2/65/L.57 (see para. 16, draft resolution II).

15. In the light of the adoption of draft resolution A/C.2/65/L.57, draft resolution A/C.2/65/L.37 was withdrawn by its sponsors.

III. Recommendations of the Second Committee

16. The Second Committee recommends to the General Assembly the adoption of the following draft resolutions:

Draft resolution I
Follow-up to the International Conference on Financing for Development

The General Assembly,

Recalling the International Conference on Financing for Development held in Monterrey, Mexico, from 18 to 22 March 2002, and the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008, and its resolutions 56/210 B of 9 July 2002, 57/250 of 20 December 2002, 57/272 and 57/273 of 20 December 2002, 57/270 B of 23 June 2003, 58/230 of 23 December 2003, 59/225 of 22 December 2004, 60/188 of 22 December 2005, 61/191 of 20 December 2006, 62/187 of 19 December 2007, 63/239 of 24 December 2008 and 64/193 of 21 December 2009, as well as Economic and Social Council resolutions 2002/34 of 26 July 2002, 2003/47 of 24 July 2003, 2004/64 of 16 September 2004, 2006/45 of 28 July 2006, 2007/30 of 27 July 2007, 2008/14 of 24 July 2008, 2009/30 of 31 July 2009 and 2010/26 of 23 July 2010,

Recalling also the 2005 World Summit Outcome,[1]

Recalling further the Conference on the World Financial and Economic Crisis and Its Impact on Development and its Outcome,[2]

Recalling the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals and its outcome,[3]

Taking note of the summary by the President of the General Assembly of the fourth High-level Dialogue on Financing for Development, held in New York on 23 and 24 March 2010,[4]

Taking note also of the summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development, held in New York on 18 and 19 March 2010,[5]

Taking note further of the report of the Secretary-General on the follow-up to and implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development,[6]

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[1] See resolution 60/1.
[2] Resolution 63/303, annex.
[3] See resolution 65/1.
[4] See A/64/PV.79.
[5] A/65/81-E/2010/83.
[6] A/65/293.

Taking note of the note by the Secretary-General entitled "Building on Monterrey and Doha: towards achieving the internationally agreed development goals, including the Millennium Development Goals",[7]

Taking note also of the progress report of the Ad Hoc Open-ended Working Group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development,[8]

Taking note further of the informal event on innovative sources of development finance organized by the Secretary-General on 3 June 2010,[9]

1. *Reaffirms* the Monterrey Consensus of the International Conference on Financing for Development[10] in its entirety, its integrity and its holistic approach, recalling the resolve to take concrete action to implement the Monterrey Consensus and address the challenges of financing for development in the spirit of global partnership and solidarity in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals;

2. *Reaffirms* that each country must take primary responsibility for its own development and that the role of national policies and development strategies cannot be overemphasized for the achievement of sustainable development, and recognizes that national efforts should be complemented by supportive global programmes, measures and policies aimed at expanding the development opportunities of developing countries, while taking into account national conditions and ensuring respect for national ownership strategies and sovereignty;

3. *Expresses deep concern* about the ongoing adverse impacts of the global financial and economic crisis on development, including on the capacity of developing countries to mobilize resources for development, recognizes that, while global growth is returning, there is a need to sustain the recovery, which is fragile and uneven, and acknowledges that an effective response to the impacts of the crisis requires timely implementation of all development commitments, including existing aid commitments;

4. *Recalls* the importance of the overall commitment to just and democratic societies for development as spelled out in the Monterrey Consensus;[10]

5. *Reaffirms its determination* to advance and strengthen the global partnership for development as the centrepiece of cooperation in the years ahead, as reaffirmed in the United Nations Millennium Declaration,[11] the Monterrey Consensus,[10] the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"),[12] the 2005 World Summit Outcome,[1] the Doha Declaration on Financing for Development: outcome document

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[7] E/2010/11.

[8] A/64/884.

[9] A/65/339, annex.

[10] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[11] See resolution 55/2.

[12] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus[13] and the outcome document of the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals, entitled "Keeping the promise: united to achieve the Millennium Development Goals";[3]

6. *Recognizes* that mobilizing financial resources for development and the effective use of all those resources are central to the global partnership for development, including in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals;

7. *Also recognizes* that the mobilization of domestic and international resources and an enabling domestic and international environment are key drivers for development;

8. *Reaffirms* the importance of the implementation of the commitment to sound policies, good governance at all levels and the rule of law;

9. *Recognizes* that a dynamic, inclusive, well-functioning and socially responsible private sector is a valuable instrument for generating economic growth and reducing poverty, emphasizes the need to pursue appropriate policy and regulatory frameworks at national levels and in a manner consistent with national laws through which to encourage public and private initiatives, including at the local level, and to foster a dynamic and well-functioning business sector, while improving income growth and distribution, raising productivity, empowering women and protecting labour rights and the environment, and reiterates the importance of ensuring that the benefits of growth reach all people by empowering individuals and communities;

10. *Emphasizes* that the financial and economic crisis has demonstrated the need for more effective government involvement so as to ensure an appropriate balance between the market and the public interest, and recognizes the need to better regulate financial markets;

11. *Reiterates* the importance of investment in human capital, inter alia, in health and education, through inclusive social policies, in accordance with national strategies and priorities;

12. *Recalls* that the ongoing fight against corruption at all levels is a priority, and reaffirms the need to take urgent and decisive steps to continue to combat corruption in all of its manifestations in order to reduce obstacles to effective resource mobilization and allocation and prevent the diversion of resources away from activities that are vital for development, also recalls that this requires strong institutions at all levels, including, in particular, effective legal and judicial systems and enhanced transparency, recognizes the efforts and achievements of developing countries in this regard, takes note of the increased commitment of States that have already ratified or acceded to the United Nations Convention against Corruption,[14] and in this regard urges all States that have not yet done so to consider ratifying or acceding to the Convention;

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[13] Resolution 63/239, annex.

[14] United Nations, *Treaty Series*, vol. 2349, No. 42146.

13. *Also recalls* the resolve of Member States to enhance and strengthen domestic resource mobilization and fiscal space, including, where appropriate, through modernized tax systems, more efficient tax collection, broadening the tax base and effectively combating tax evasion and capital flight, and reiterates that, while each country is responsible for its tax system, it is important to support national efforts in these areas by strengthening technical assistance and enhancing international cooperation and participation in addressing international tax matters;

14. *Reaffirms* the importance of implementing measures to curtail illicit financial flows at all levels, enhancing disclosure practices and promoting transparency in financial information, and in this regard notes that strengthening national and multinational efforts to address this issue is crucial, including support to developing countries and technical assistance to enhance their capacities;

15. *Notes* that foreign direct investment is a major source of financing for development, and in this regard calls upon developed countries to continue to devise source-country measures to encourage and facilitate the flow of foreign direct investment, inter alia, through the provision of export credits and other lending instruments, risk guarantees and business development services; calls upon developing countries and countries with economies in transition to continue their efforts to create a domestic environment conducive to attracting investments by, inter alia, achieving a transparent, stable and predictable investment climate with proper contract enforcement and respect for property rights; and stresses the importance of enhancing efforts to mobilize investment from all sources in human resources and physical, environmental, institutional and social infrastructure;

16. *Reaffirms* that international trade is an engine for development and sustained economic growth and the critical role that a universal, rule-based, open, non-discriminatory and equitable multilateral trading system, as well as meaningful trade liberalization, can play in stimulating economic growth and development worldwide, thereby benefiting all countries at all stages of development;

17. *Emphasizes* the need to resist protectionist tendencies and to rectify any trade-distorting measures already taken that are inconsistent with World Trade Organization rules, recognizing the right of countries, in particular developing countries, to fully utilize their flexibilities consistent with their World Trade Organization commitments and obligations, and that the early and successful conclusion of the Doha Round with a balanced, ambitious, comprehensive and development-oriented outcome would provide much-needed impetus to international trade and contribute to economic growth and development;

18. *Stresses* the essential role that official development assistance plays in complementing, leveraging and sustaining financing for development in developing countries and in facilitating the achievement of development objectives, including the internationally agreed development goals, in particular the Millennium Development Goals, reiterates that official development assistance can play a catalytic role in assisting developing countries in removing constraints on sustained, inclusive and equitable growth by, inter alia, enhancing social, institutional and physical infrastructure, promoting foreign direct investment, trade and technological innovations, improving health and education, fostering gender equality, preserving the environment and eradicating poverty, and welcomes steps to improve the effectiveness and quality of aid based on the fundamental principles of national

ownership, alignment, harmonization, managing for results and mutual accountability;

19. *Underlines* the fact that the fulfilment of all official development assistance commitments is crucial, including the commitments by many developed countries to achieve the target of 0.7 per cent of gross national product for official development assistance to developing countries by 2015 and to reach a level of at least 0.5 per cent of gross national product for official development assistance by 2010, as well as a target of 0.15 per cent to 0.20 per cent of gross national product for official development assistance to least developed countries, and urges developed countries that have not yet done so to fulfil their commitments for official development assistance to developing countries;

20. *Reaffirms* that the United Nations funds, programmes and regional commissions, and the specialized agencies of the United Nations system, in accordance with their respective mandates, have an important role to play in advancing development and in protecting development gains, in accordance with national strategies and priorities, including progress towards achieving the Millennium Development Goals, and reaffirms its determination to continue to take steps for a strong, well-coordinated, coherent, effective and efficient United Nations system in support of the Millennium Development Goals;

21. *Considers* that innovative financing mechanisms can make a positive contribution in assisting developing countries to mobilize additional resources for financing for development on a voluntary basis, and that such financing should supplement and not be a substitute for traditional sources of financing, and, while recognizing the considerable progress in innovative sources of financing for development, calls for the scaling-up of current initiatives, where appropriate;

22. *Welcomes* the ongoing efforts to strengthen and support South-South cooperation and triangular cooperation, stresses that South-South cooperation is not a substitute for, but rather a complement to, North-South cooperation, and calls for the effective implementation of the Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation,[15] held in Nairobi from 1 to 3 December 2009;

23. *Emphasizes* the great importance of a timely, effective, comprehensive and durable solution to the debt problems of developing countries, since debt financing and relief can be an important source of capital for economic growth and development, and also emphasizes that creditors and debtors must share responsibilities for preventing unsustainable debt situations;

24. *Also emphasizes* that debt sustainability is essential for underpinning growth, underlining the importance of debt sustainability and effective debt management for efforts to achieve national development goals, including the Millennium Development Goals;

25. *Stresses* that the economic and financial crisis has highlighted the need for reform as well as added new impetus to ongoing international discussions on the reform of the international financial system and architecture, including on issues related to mandate, scope, governance, responsiveness and development orientation,

[15] Resolution 64/222, annex.

as appropriate, and in this regard encourages continued open, inclusive and transparent dialogue;

26. *Notes* the important efforts undertaken nationally, regionally and internationally to respond to the challenges derived from the financial and economic crisis, in order to ensure a full return to growth with quality jobs, to reform and strengthen financial systems, and to create strong, sustainable and balanced global growth;

27. *Calls for* increased efforts at all levels to enhance policy coherence for development, and affirms that the achievement of the Millennium Development Goals requires mutually supportive and integrated policies for sustainable development;

28. *Recognizes* that recent special drawing rights allocations helped to increase global liquidity in response to the global financial and economic crisis;

29. *Reaffirms* the need to continue to broaden and strengthen the participation of developing countries in international economic decision-making and norm-setting, takes note of recent important decisions on the reform of the governance structures, quotas and voting rights of the Bretton Woods institutions, better reflecting current realities and enhancing the voice and participation of developing countries, and reaffirms the need to further continue the reform of the governance of those institutions in order to deliver more effective, credible, accountable and legitimate institutions;

30. *Recalls* the provisions of its resolution 64/193 and of Economic and Social Council resolutions 2009/30 and 2010/26, relevant to the financing for development follow-up process, and in this regard:

(a) Takes note with appreciation of the efforts already undertaken to strengthen the financing for development follow-up process;

(b) Acknowledges that the modalities of the process should be reviewed, as appropriate, within a time frame to be determined by the General Assembly;

(c) Requests the Secretary-General to submit a report in August 2012 providing elements for an assessment of the existing modalities of the financing for development follow-up process and, on this basis, exploring detailed options on possible arrangements to strengthen the financing for development follow-up process, following his report[6] and his note on coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development,[16] taking into account the views and proposals of Member States and all relevant stakeholders, and the need to ensure the coherence of United Nations processes in the field of financing for development;

31. *Also recalls* the decision to consider the need to hold a follow-up conference on financing for development by 2013, as appropriate;

32. *Decides* to hold its fifth High-level Dialogue on Financing for Development on 7 and 8 December 2011 at United Nations Headquarters, and requests the Secretary-General to prepare a note on the organization of work of that

[16] E/2009/48.

event, based on the organizational modalities of the fourth Dialogue, to be submitted to the Assembly before the end of its sixty-fifth session;

33. *Invites* the regional commissions to provide inputs and actively participate in the fifth High-level Dialogue on Financing for Development to be held in 2011, and in this context calls upon the regional commissions, with the support of regional development banks and other relevant entities, to hold regional consultations, as appropriate, as part of their inputs to the High-level Dialogue;

34. *Reiterates* its appeal to Member States and other potential donors to consider contributing generously to the Financing for Development Trust Fund, which would facilitate the implementation of a strengthened and more effective intergovernmental inclusive process to carry out the financing for development follow-up;

35. *Decides* to include in the provisional agenda of its sixty-sixth session the item entitled "Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference", and requests the Secretary-General to submit, under that item, an annual analytical assessment of the state of implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development, and of the present resolution, to be prepared in full collaboration with the major institutional stakeholders.

Draft resolution II
Innovative mechanisms of financing for development

The General Assembly,

Recalling the United Nations Millennium Declaration,[1] the 2005 World Summit Outcome[2] and the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals and its outcome,[3]

Recalling also the outcome of the International Conference on Financing for Development[4] and the Doha Declaration on Financing for Development,[5]

Recalling further the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development,[6]

Taking note of the informal event on innovative sources of development finance organized by the Secretary-General on 3 June 2010,[7]

Recognizing the potential of innovative mechanisms of financing to contribute to the achievement of the internationally agreed development goals, including the Millennium Development Goals,

Taking note of the ongoing work on innovative sources of financing for development, including in various forums such as the Leading Group on Innovative Financing for Development,

1. *Reaffirms* the Monterrey Consensus[4] and the Doha Declaration on Financing for Development[5] in their entirety, integrity and holistic approach, and recognizes that mobilizing financial resources for development and the effective use of those resources are central to the global partnership for development, including in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals;

2. *Reaffirms* that each country must take primary responsibility for its own development and that the role of national policies and development strategies cannot be overemphasized for the achievement of sustainable development, and recognizes that national efforts should be complemented by supportive global programmes, measures and policies aimed at expanding the development opportunities of developing countries, while taking into account national conditions and ensuring respect for national ownership strategies and sovereignty;

3. *Stresses* the essential role that official development assistance plays in complementing, leveraging and sustaining financing for development in developing countries and in facilitating the achievement of development objectives, including the internationally agreed development goals, in particular the Millennium Development Goals, reiterates that official development assistance can play a

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[1] See resolution 55/2.
[2] See resolution 60/1.
[3] See resolution 65/1.
[4] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.
[5] Resolution 63/239, annex.
[6] Resolution 63/303, annex.
[7] See A/65/339, annex.

catalytic role in assisting developing countries in removing constraints on sustained, inclusive and equitable growth by, inter alia, enhancing social, institutional and physical infrastructure, promoting foreign direct investment, trade and technological innovations, improving health and education, fostering gender equality, preserving the environment and eradicating poverty, and welcomes steps to improve the effectiveness and quality of aid based on the fundamental principles of national ownership, alignment, harmonization, managing for results and mutual accountability;

4. *Stresses* that innovative mechanisms of financing can make a positive contribution in assisting developing countries to mobilize additional resources for development on a stable, predictable and voluntary basis;

5. *Reiterates* that such voluntary mechanisms should be effective, aim to mobilize resources that are stable and predictable, should supplement and not be a substitute for traditional sources of finance and should be disbursed in accordance with the priorities of developing countries and not unduly burden them;

6. *Highlights* the considerable progress in innovative sources of financing for development achieved to date, and stresses the importance of scaling up present initiatives and developing new mechanisms, as appropriate;

7. *Decides* to convene a separate meeting of the Second Committee of the General Assembly during its sixty-sixth session under the item entitled "Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference" to consider the question of innovative mechanisms of financing for development;

8. Requests the Secretary-General to submit a report to the General Assembly at its sixty-sixth session examining the contribution and potential of innovative mechanisms of financing for development for achieving the internationally agreed development goals, including the Millennium Development Goals, their effectiveness and implications, taking into account that such mechanisms should be voluntary in nature and not unduly burden developing countries.

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Agenda item 19

Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference

Report of the Second Committee

Rapporteur: Mr. Paul Losoko Efambe **Empole** (Democratic Republic of the Congo)

I. Introduction

1. At its 2nd plenary meeting, on 17 September 2010, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its sixty-fifth session the item entitled "Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference" and to allocate it to the Second Committee.

2. The Second Committee considered the item at its 11th, 12th, 21st, 28th and 32nd meetings, on 14 and 28 October and on 12 and 30 November 2010. An account of the Committee's discussion of the item is contained in the relevant summary records (A/C.2/65/SR.11, 12, 21, 28 and 32). Attention is also drawn to the general debate held by the Committee at its 2nd to 6th meetings, from 4 to 6 October (see A/C.2/65/SR.2-6).

3. For its consideration of the item, the Committee had before it the following documents:

(a) Summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (New York, 18 and 19 March 2010) (A/65/81-E/2010/83);

(b) Summary by the President of the General Assembly of the fourth High-level Dialogue on Financing for Development (New York, 23 and 24 March 2010) (A/65/130);

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(c) Report of the Secretary-General on the follow-up to and implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development (A/65/293);

(d) Letter dated 16 August 2010 from the representatives of France, Japan, Norway and Spain to the Secretary-General (A/65/339);

(e) Letter dated 29 September 2010 from the representative of Yemen to the Secretary-General (A/65/486).

4. At the 11th meeting, on 14 October, an introductory statement was made by the Director of the Financing for Development Office of the Department of Economic and Social Affairs (see A/C.2/65/SR.11).

II. Consideration of proposals

A. Draft resolutions A/C.2/65/L.7 and A/C.2/65/L.53

5. At the 21st meeting, on 28 October, the representative of Yemen, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Follow-up International Conference on Financing for Development" (A/C.2/65/L.7), which read:

"*The General Assembly*,

"*Recalling* the International Conference on Financing for Development, held in Monterrey, Mexico, from 18 to 22 March 2002, and the follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha, from 29 November to 2 December 2008, and its resolutions 56/210 B of 9 July 2002, 57/250 of 20 December 2002, 57/272 and 57/273 of 20 December 2002, 57/270 B of 23 June 2003, 58/230 of 23 December 2003, 59/225 of 22 December 2004, 60/188 of 22 December 2005, 61/191 of 20 December 2006, 62/187 of 19 December 2007, 63/239 of 24 December 2008 and 64/193 of 21 December 2009, as well as Economic and Social Council resolutions 2002/34 of 26 July 2002, 2003/47 of 24 July 2003, 2004/64 of 16 September 2004, 2006/45 of 28 July 2006, 2007/30 of 27 July 2007, 2008/14 of 24 July 2008, 2009/30 of 31 July 2009 and 2010/26 of 23 July 2010,

"*Recalling also* the Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome,

"*Recalling further* the High-level Plenary Meeting of the General Assembly on the Millennium Development Goals and its outcome,

"*Taking note* of the summary by the President of the General Assembly of the fourth High-level Dialogue on Financing for Development, held in New York on 23 and 24 March 2010,

"*Taking note also* of the report of the Secretary-General on the follow-up to and implementation of the Monterrey Consensus and Doha Declaration on Financing for Development,

"*Taking note further* of the note by the Secretary-General entitled 'Building on Monterrey and Doha: towards achieving the internationally agreed development goals, including the Millennium Development Goals',

"*Recalling* the progress report of the Ad Hoc Open-ended Working Group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development,

"*Deeply concerned* by the adverse impacts of the global financial and economic crisis on development, including on the capacity of developing countries to mobilize resources for development, and recognizing that an effective response to the current crisis requires timely implementation of existing aid commitments,

"*Recalling* that the Monterrey Conference is the only major United Nations summit in the economic and social field that did not result in a permanent intergovernmental body to oversee and promote the implementation of its outcome,

"1. *Reaffirms* the Monterrey Consensus of the International Conference on Financing for Development in its entirety, its integrity and its holistic approach, recalling the resolve to take concrete action to implement the Monterrey Consensus and address the challenges of financing for development in the spirit of global partnership and solidarity in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals;

"2. *Recognizes* that national efforts should be complemented by supportive global programmes, measures and policies aimed at expanding the development opportunities of developing countries, while taking into account national conditions and ensuring respect for national ownership strategies and sovereignty;

"3. *Reaffirms* the importance of ensuring appropriate and effective follow-up to the implementation of the Monterrey Consensus, as reaffirmed in the Doha Declaration on Financing for Development,

"4. *Recognizes* that the mobilization of domestic and international resources, and an enabling domestic and international environment are key drivers of development;

"5. *Underlines* that the global financial and economic crisis is still ongoing, stresses that the recovery is uneven, fragile and uncertain, and recalls that the systemic problems facing the global economy have yet to be resolved;

"6. *Reaffirms* that mobilizing financial resources for development is central to the global partnership for development, including in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals, and calls for the expeditious delivery of commitments made by developed countries in the context of the Monterrey Consensus and the Doha Declaration, including the provision of short-term liquidity, long-term development financing and grants to meet the development needs of developing countries;

"7. *Recognizes*, in this regard, the global partnership for development as the centrepiece of international cooperation for the achievement of the Millennium Development Goals in the years ahead, as reaffirmed in the United Nations Millennium Declaration, the Monterrey Consensus, the Plan of Implementation of the World Summit on Sustainable Development ('Johannesburg Plan of Implementation'), the 2005 World Summit Outcome and the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus;

"8. *Urges* developed countries that have not yet done so to meet the target of 0.7 per cent of their gross national product for official development assistance, including 0.15 to 0.2 per cent of their gross national product for the least developed countries, and considers that, in order to meet agreed commitments and targets, it is important that developed countries establish clear and transparent timetables within their national budget allocation processes to reach the level of at least 0.5 per cent of their gross national product for official development assistance by 2010 and 0.7 per cent by 2015, at the latest;

"9. *Reaffirms* the need for new and additional resources, inter alia short-term liquidity and long-term development financing and grants, to be made available to developing countries to be utilized towards an adequate response to their development priorities;

"10. *Underlines* that aid flows to all developing countries should be more effective, sustainable, predictable, concessional and conditionality-free, including aid flows to the most vulnerable and least developed countries, and those to adequately support the efforts of middle-income countries and low-income countries to tackle their specific development challenges;

"11. *Considers* that innovative mechanisms of financing can make a positive contribution in assisting developing countries to mobilize additional resources for financing for development on a stable, predictable and voluntary basis, and that such financing should be disbursed in accordance with the priorities of developing countries, should neither replace nor negatively affect the level of traditional sources of financing and should not unduly burden those countries;

"12. *Recognizes* the considerable progress in regard to innovative sources of financing for development, calls for the scaling up of current initiatives and the development of new mechanisms, as appropriate, and considers that, as work is expanded, priorities should remain focused on providing additional, stable and supplementary resources for traditional development financing;

"13. *Also recognizes* the important role played by Special Drawing Right allocations in increasing global liquidity and contributing to global stability, equity and economic resilience, and decides to undertake urgently further examination of the role of increased emissions of Special Drawing Rights in the expansion of liquidity and the promotion of development;

"14. *Emphasizes* the great importance of a timely, effective, comprehensive and durable solution to the debt problems of developing

countries, since debt financing and relief can be an important source of capital for economic growth and development;

"15. *Emphasizes* that debt sustainability is essential for underpinning growth, underlines the importance of debt sustainability and effective debt management for efforts to achieve national development goals, including the Millennium Development Goals, and encourages developed countries to allocate new and additional resources to assist developing countries in coping with the consequences of the crisis, including through concessional and grant-based financing, debt relief and debt restructuring, agreements between debtors and creditors on temporary debt standstills, and enhanced technical assistance and capacity-building in debt management, negotiation and renegotiation, in order to achieve and maintain debt sustainability;

"16. *Recognizes* that a universal, rule-based, open, non-discriminatory and equitable multilateral trading system coupled with scaled-up aid for trade, including through the enhanced integrated framework for trade-related technical assistance to least developed countries, is key to enable developing countries to reap the benefits of market access and would contribute to the achievement of the Millennium Development Goals, and calls for an early and successful conclusion of the Doha Round of trade talks that places development at its core and provides developing countries with increased opportunities to use trade as an effective tool to promote development through, inter alia, the effective implementation of duty-free and quota-free market access for all least developed countries, in conformity with the Hong Kong Ministerial Declaration adopted by the World Trade Organization in 2005 and the full operationalization of the principle of special and differential treatment;

"17. *Stresses* the need to resist all protectionist measures and tendencies, particularly by developed countries, that are affecting developing countries, including tariff, non-tariff and other barriers to trade, in particular agricultural subsidies, and to rectify any such measures already taken, recognizing the right for developing countries to fully utilize their policy space consistent with World Trade Organization commitments, and calls upon the World Trade Organization and other relevant bodies, including the United Nations Conference on Trade and Development, to continue monitoring protectionist measures and to assess their impact on developing countries;

"18. *Underlines* that the ongoing global financial and economic crisis has further highlighted the urgent need for substantive and comprehensive reform of the international economic and financial system and architecture in order to address their democratic deficit in line with the new economic realities, including with regard to policies, mandates, scope and governance, not only to better enable them to respond to and prevent financial and economic emergencies, but also effectively promote development and equitably serve the needs of all Member States, particularly developing countries;

"19. *Stresses* that international financial institutions, in particular, must have a clear development orientation, and calls upon all Member States to participate in an open, inclusive and transparent dialogue on a new international economic and financial system and architecture;

"20. *Recognizes* the importance of equity and transparency in the international financial, monitoring and trading systems, and of the full and effective participation of developing countries in global decision-making and norm-setting;

"21. *Stresses* that the crisis has also underlined the need to address major failures such as the lack of proper regulation, supervision and monitoring of the financial sector, as well as the asymmetry between developing and developed countries in their ability to derive economic benefits from the global economy;

"22. *Underlines* the important role of the United Nations development system in advancing development and in protecting development gains in accordance with national strategies and priorities, including progress towards achieving the internationally agreed development goals, including the Millennium Development Goals, threatened by the current economic crisis;

"23. *Reaffirms* the need for a strengthened and more effective intergovernmental inclusive process to carry out the financing for development follow-up and to review progress in the implementation of commitments, identify obstacles, challenges and emerging issues and propose concrete recommendations and actions;

"24. *Underscores* the fact that the modalities of the financing for development follow-up process should be reviewed during the sixty-fifth session of the General Assembly, and decides to convene a special session of the General Assembly to address that matter;

"25. *Notes* that the Secretary-General presented concrete proposals on the further strengthening of the financing for development follow-up process for consideration by Member States at the current session of the General Assembly, including a recommendation on the establishment of a new mechanism, which should have at its centre a 'Financing for Development Committee', subsidiary either to the Economic and Social Council or to the General Assembly;

"26. *Decides* to establish a functional commission of the Economic and Social Council on financing for development;

"27. *Requests* the Economic and Social Council, at its 2011 substantive session, to establish a high-level commission on financing for development, as a functional commission of the Council, in accordance with Article 68 of the Charter of the United Nations, in order to ensure effective follow-up to the conferences on financing for development;

"28. *Requests* the President of the Economic and Social Council to elaborate a draft proposal in close consultation with Member States regarding the modalities of the commission, before the end of 2010, in order for it to be adopted during the 2011 substantive session of the Council;

"29. *Recalls* the decision to consider the need to hold a follow-up financing for development conference by 2013;

"30. *Reiterates its appeal* to Member States and other potential donors to consider contributing generously to the Financing for Development Trust

Fund, which would facilitate a strengthened and more effective intergovernmental inclusive process to carry out the financing for development follow-up;

"31. *Decides* to include in the provisional agenda of its sixty-sixth session the item entitled 'Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference', and requests the Secretary-General to submit, under that item, an analytical assessment of the state of implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development, and of the present resolution, which is to be prepared in full collaboration with the major institutional stakeholders, and to include concrete proposals on the further strengthening of the financing for development follow-up process for consideration by Member States."

6. At its 32nd meeting, on 30 November, the Committee had before it a draft resolution entitled "Follow-up to the International Conference on Financing for Development" (A/C.2/65/L.53), submitted by the Vice-Chair of the Committee, Erik Lundberg (Finland), on the basis of informal consultations on draft resolution A/C.2/65/L.7.

7. At the same meeting, the Committee was informed that draft resolution A/C.2/65/L.53 had no programme budget implications.

8. Also at the same meeting, the Committee adopted draft resolution A/C.2/65/L.53 (see para. 16, draft resolution I).

9. In the light of the adoption of draft resolution A/C.2/65/L.53, draft resolution A/C.2/65/L.7 was withdrawn by its sponsors.

B. Draft resolutions A/C.2/65/L.37 and A/C.2/65/L.57

10. At the 28th meeting, on 12 November, the representative of Yemen, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Innovative mechanisms of financing for development" (A/C.2/65/L.37), which read:

"*The General Assembly*,

"*Recalling* the United Nations Millennium Declaration, as well as the outcomes of the International Conference on Financing for Development, the World Summit on Sustainable Development and the 2005 World Summit Outcome and the Doha Declaration on Financing for Development,

"*Recalling also* the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development,

"*Recalling further* the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals and its outcome,

"*Taking note* of the informal event of the General Assembly held on 3 June 2010 on innovative sources of development finance, pursuant to resolution 64/193,

"*Recognizing* the potential of innovative sources of financing to contribute to the achievement of the internationally agreed development goals, including the Millennium Development Goals,

"*Taking note* of the ongoing work on innovative sources of financing for development,

"1. *Reaffirms* that mobilizing additional financial resources for development is central to the global partnership for development, in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals, and calls for the expeditious delivery of commitments made by developed countries in the context of the Monterrey Consensus and the Doha Declaration on Financing for Development, including the provision of short-term liquidity, long-term development financing and grants to meet the development needs of developing countries;

"2. *Urges* developed countries that have not yet done so to meet the target of 0.7 per cent of their gross national product for official development assistance, including a target of 0.15 per cent to 0.2 per cent of their gross national product to least developed countries, and calls for the establishment of clear and transparent timetables within developed country national budget allocation processes to reach the level of at least 0.5 per cent for official development assistance by 2010 and 0.7 per cent by 2015, at the latest;

"3. *Stresses* that innovative financing mechanisms can make a positive contribution in assisting developing countries to mobilize additional resources for development on a stable, predictable and voluntary basis;

"4. *Reiterates* that such financing should be disbursed in accordance with the priorities of developing countries, should not unduly burden them and should neither substitute for nor negatively affect the level of traditional sources of development financing, including official development assistance;

"5. *Highlights* the considerable progress in innovative sources of financing for development achieved to date, and stresses the importance of scaling up present initiatives and developing new mechanisms, as appropriate, with a view to providing additional, stable and supplementary resources to traditional development financing;

"6. *Decides* to convene a meeting of the Second Committee of the General Assembly during the sixty-sixth session to consider the question of innovative mechanisms of financing for development;

"7. *Requests* the Secretary-General to submit to the General Assembly at its sixty-sixth session a report examining all the current and potential effects and implications of innovative mechanisms of financing for development, taking into account that such mechanisms should be voluntary in nature and should not unduly burden developing countries."

11. At its 32nd meeting, on 30 November, the Committee had before it a draft resolution entitled "Innovative mechanisms of financing for development" (A/C.2/65/L.57), submitted by the Vice-Chair of the Committee, Erik Lundberg (Finland), on the basis of informal consultations on draft resolution A/C.2/65/L.37.

12. At the same meeting, the Committee was informed that draft resolution A/C.2/65/L.57 had no programme budget implications.

13. Also at the same meeting, the representative of France orally corrected the French text of draft resolution A/C.2/65/L.57.

14. Also at its 32nd meeting, the Committee adopted draft resolution A/C.2/65/L.57 (see para. 16, draft resolution II).

15. In the light of the adoption of draft resolution A/C.2/65/L.57, draft resolution A/C.2/65/L.37 was withdrawn by its sponsors.

III. Recommendations of the Second Committee

16. The Second Committee recommends to the General Assembly the adoption of the following draft resolutions:

Draft resolution I
Follow-up to the International Conference on Financing for Development

The General Assembly,

Recalling the International Conference on Financing for Development held in Monterrey, Mexico, from 18 to 22 March 2002, and the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008, and its resolutions 56/210 B of 9 July 2002, 57/250 of 20 December 2002, 57/272 and 57/273 of 20 December 2002, 57/270 B of 23 June 2003, 58/230 of 23 December 2003, 59/225 of 22 December 2004, 60/188 of 22 December 2005, 61/191 of 20 December 2006, 62/187 of 19 December 2007, 63/239 of 24 December 2008 and 64/193 of 21 December 2009, as well as Economic and Social Council resolutions 2002/34 of 26 July 2002, 2003/47 of 24 July 2003, 2004/64 of 16 September 2004, 2006/45 of 28 July 2006, 2007/30 of 27 July 2007, 2008/14 of 24 July 2008, 2009/30 of 31 July 2009 and 2010/26 of 23 July 2010,

Recalling also the 2005 World Summit Outcome,[1]

Recalling further the Conference on the World Financial and Economic Crisis and Its Impact on Development and its Outcome,[2]

Recalling the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals and its outcome,[3]

Taking note of the summary by the President of the General Assembly of the fourth High-level Dialogue on Financing for Development, held in New York on 23 and 24 March 2010,[4]

Taking note also of the summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development, held in New York on 18 and 19 March 2010,[5]

Taking note further of the report of the Secretary-General on the follow-up to and implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development,[6]

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[1] See resolution 60/1.
[2] Resolution 63/303, annex.
[3] See resolution 65/1.
[4] See A/64/PV.79.
[5] A/65/81-E/2010/83.
[6] A/65/293.

Taking note of the note by the Secretary-General entitled "Building on Monterrey and Doha: towards achieving the internationally agreed development goals, including the Millennium Development Goals",[7]

Taking note also of the progress report of the Ad Hoc Open-ended Working Group of the General Assembly to follow up on the issues contained in the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development,[8]

Taking note further of the informal event on innovative sources of development finance organized by the Secretary-General on 3 June 2010,[9]

1. *Reaffirms* the Monterrey Consensus of the International Conference on Financing for Development[10] in its entirety, its integrity and its holistic approach, recalling the resolve to take concrete action to implement the Monterrey Consensus and address the challenges of financing for development in the spirit of global partnership and solidarity in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals;

2. *Reaffirms* that each country must take primary responsibility for its own development and that the role of national policies and development strategies cannot be overemphasized for the achievement of sustainable development, and recognizes that national efforts should be complemented by supportive global programmes, measures and policies aimed at expanding the development opportunities of developing countries, while taking into account national conditions and ensuring respect for national ownership strategies and sovereignty;

3. *Expresses deep concern* about the ongoing adverse impacts of the global financial and economic crisis on development, including on the capacity of developing countries to mobilize resources for development, recognizes that, while global growth is returning, there is a need to sustain the recovery, which is fragile and uneven, and acknowledges that an effective response to the impacts of the crisis requires timely implementation of all development commitments, including existing aid commitments;

4. *Recalls* the importance of the overall commitment to just and democratic societies for development as spelled out in the Monterrey Consensus;[10]

5. *Reaffirms its determination* to advance and strengthen the global partnership for development as the centrepiece of cooperation in the years ahead, as reaffirmed in the United Nations Millennium Declaration,[11] the Monterrey Consensus,[10] the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"),[12] the 2005 World Summit Outcome,[1] the Doha Declaration on Financing for Development: outcome document

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[7] E/2010/11.

[8] A/64/884.

[9] A/65/339, annex.

[10] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[11] See resolution 55/2.

[12] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus[13] and the outcome document of the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals, entitled "Keeping the promise: united to achieve the Millennium Development Goals";[3]

6. *Recognizes* that mobilizing financial resources for development and the effective use of all those resources are central to the global partnership for development, including in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals;

7. *Also recognizes* that the mobilization of domestic and international resources and an enabling domestic and international environment are key drivers for development;

8. *Reaffirms* the importance of the implementation of the commitment to sound policies, good governance at all levels and the rule of law;

9. *Recognizes* that a dynamic, inclusive, well-functioning and socially responsible private sector is a valuable instrument for generating economic growth and reducing poverty, emphasizes the need to pursue appropriate policy and regulatory frameworks at national levels and in a manner consistent with national laws through which to encourage public and private initiatives, including at the local level, and to foster a dynamic and well-functioning business sector, while improving income growth and distribution, raising productivity, empowering women and protecting labour rights and the environment, and reiterates the importance of ensuring that the benefits of growth reach all people by empowering individuals and communities;

10. *Emphasizes* that the financial and economic crisis has demonstrated the need for more effective government involvement so as to ensure an appropriate balance between the market and the public interest, and recognizes the need to better regulate financial markets;

11. *Reiterates* the importance of investment in human capital, inter alia, in health and education, through inclusive social policies, in accordance with national strategies and priorities;

12. *Recalls* that the ongoing fight against corruption at all levels is a priority, and reaffirms the need to take urgent and decisive steps to continue to combat corruption in all of its manifestations in order to reduce obstacles to effective resource mobilization and allocation and prevent the diversion of resources away from activities that are vital for development, also recalls that this requires strong institutions at all levels, including, in particular, effective legal and judicial systems and enhanced transparency, recognizes the efforts and achievements of developing countries in this regard, takes note of the increased commitment of States that have already ratified or acceded to the United Nations Convention against Corruption,[14] and in this regard urges all States that have not yet done so to consider ratifying or acceding to the Convention;

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[13] Resolution 63/239, annex.

[14] United Nations, *Treaty Series*, vol. 2349, No. 42146.

13. *Also recalls* the resolve of Member States to enhance and strengthen domestic resource mobilization and fiscal space, including, where appropriate, through modernized tax systems, more efficient tax collection, broadening the tax base and effectively combating tax evasion and capital flight, and reiterates that, while each country is responsible for its tax system, it is important to support national efforts in these areas by strengthening technical assistance and enhancing international cooperation and participation in addressing international tax matters;

14. *Reaffirms* the importance of implementing measures to curtail illicit financial flows at all levels, enhancing disclosure practices and promoting transparency in financial information, and in this regard notes that strengthening national and multinational efforts to address this issue is crucial, including support to developing countries and technical assistance to enhance their capacities;

15. *Notes* that foreign direct investment is a major source of financing for development, and in this regard calls upon developed countries to continue to devise source-country measures to encourage and facilitate the flow of foreign direct investment, inter alia, through the provision of export credits and other lending instruments, risk guarantees and business development services; calls upon developing countries and countries with economies in transition to continue their efforts to create a domestic environment conducive to attracting investments by, inter alia, achieving a transparent, stable and predictable investment climate with proper contract enforcement and respect for property rights; and stresses the importance of enhancing efforts to mobilize investment from all sources in human resources and physical, environmental, institutional and social infrastructure;

16. *Reaffirms* that international trade is an engine for development and sustained economic growth and the critical role that a universal, rule-based, open, non-discriminatory and equitable multilateral trading system, as well as meaningful trade liberalization, can play in stimulating economic growth and development worldwide, thereby benefiting all countries at all stages of development;

17. *Emphasizes* the need to resist protectionist tendencies and to rectify any trade-distorting measures already taken that are inconsistent with World Trade Organization rules, recognizing the right of countries, in particular developing countries, to fully utilize their flexibilities consistent with their World Trade Organization commitments and obligations, and that the early and successful conclusion of the Doha Round with a balanced, ambitious, comprehensive and development-oriented outcome would provide much-needed impetus to international trade and contribute to economic growth and development;

18. *Stresses* the essential role that official development assistance plays in complementing, leveraging and sustaining financing for development in developing countries and in facilitating the achievement of development objectives, including the internationally agreed development goals, in particular the Millennium Development Goals, reiterates that official development assistance can play a catalytic role in assisting developing countries in removing constraints on sustained, inclusive and equitable growth by, inter alia, enhancing social, institutional and physical infrastructure, promoting foreign direct investment, trade and technological innovations, improving health and education, fostering gender equality, preserving the environment and eradicating poverty, and welcomes steps to improve the effectiveness and quality of aid based on the fundamental principles of national

ownership, alignment, harmonization, managing for results and mutual accountability;

19. *Underlines* the fact that the fulfilment of all official development assistance commitments is crucial, including the commitments by many developed countries to achieve the target of 0.7 per cent of gross national product for official development assistance to developing countries by 2015 and to reach a level of at least 0.5 per cent of gross national product for official development assistance by 2010, as well as a target of 0.15 per cent to 0.20 per cent of gross national product for official development assistance to least developed countries, and urges developed countries that have not yet done so to fulfil their commitments for official development assistance to developing countries;

20. *Reaffirms* that the United Nations funds, programmes and regional commissions, and the specialized agencies of the United Nations system, in accordance with their respective mandates, have an important role to play in advancing development and in protecting development gains, in accordance with national strategies and priorities, including progress towards achieving the Millennium Development Goals, and reaffirms its determination to continue to take steps for a strong, well-coordinated, coherent, effective and efficient United Nations system in support of the Millennium Development Goals;

21. *Considers* that innovative financing mechanisms can make a positive contribution in assisting developing countries to mobilize additional resources for financing for development on a voluntary basis, and that such financing should supplement and not be a substitute for traditional sources of financing, and, while recognizing the considerable progress in innovative sources of financing for development, calls for the scaling-up of current initiatives, where appropriate;

22. *Welcomes* the ongoing efforts to strengthen and support South-South cooperation and triangular cooperation, stresses that South-South cooperation is not a substitute for, but rather a complement to, North-South cooperation, and calls for the effective implementation of the Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation,[15] held in Nairobi from 1 to 3 December 2009;

23. *Emphasizes* the great importance of a timely, effective, comprehensive and durable solution to the debt problems of developing countries, since debt financing and relief can be an important source of capital for economic growth and development, and also emphasizes that creditors and debtors must share responsibilities for preventing unsustainable debt situations;

24. *Also emphasizes* that debt sustainability is essential for underpinning growth, underlining the importance of debt sustainability and effective debt management for efforts to achieve national development goals, including the Millennium Development Goals;

25. *Stresses* that the economic and financial crisis has highlighted the need for reform as well as added new impetus to ongoing international discussions on the reform of the international financial system and architecture, including on issues related to mandate, scope, governance, responsiveness and development orientation,

[15] Resolution 64/222, annex.

as appropriate, and in this regard encourages continued open, inclusive and transparent dialogue;

26. *Notes* the important efforts undertaken nationally, regionally and internationally to respond to the challenges derived from the financial and economic crisis, in order to ensure a full return to growth with quality jobs, to reform and strengthen financial systems, and to create strong, sustainable and balanced global growth;

27. *Calls for* increased efforts at all levels to enhance policy coherence for development, and affirms that the achievement of the Millennium Development Goals requires mutually supportive and integrated policies for sustainable development;

28. *Recognizes* that recent special drawing rights allocations helped to increase global liquidity in response to the global financial and economic crisis;

29. *Reaffirms* the need to continue to broaden and strengthen the participation of developing countries in international economic decision-making and norm-setting, takes note of recent important decisions on the reform of the governance structures, quotas and voting rights of the Bretton Woods institutions, better reflecting current realities and enhancing the voice and participation of developing countries, and reaffirms the need to further continue the reform of the governance of those institutions in order to deliver more effective, credible, accountable and legitimate institutions;

30. *Recalls* the provisions of its resolution 64/193 and of Economic and Social Council resolutions 2009/30 and 2010/26, relevant to the financing for development follow-up process, and in this regard:

(a) Takes note with appreciation of the efforts already undertaken to strengthen the financing for development follow-up process;

(b) Acknowledges that the modalities of the process should be reviewed, as appropriate, within a time frame to be determined by the General Assembly;

(c) Requests the Secretary-General to submit a report in August 2012 providing elements for an assessment of the existing modalities of the financing for development follow-up process and, on this basis, exploring detailed options on possible arrangements to strengthen the financing for development follow-up process, following his report[6] and his note on coherence, coordination and cooperation in the context of the implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development,[16] taking into account the views and proposals of Member States and all relevant stakeholders, and the need to ensure the coherence of United Nations processes in the field of financing for development;

31. *Also recalls* the decision to consider the need to hold a follow-up conference on financing for development by 2013, as appropriate;

32. *Decides* to hold its fifth High-level Dialogue on Financing for Development on 7 and 8 December 2011 at United Nations Headquarters, and requests the Secretary-General to prepare a note on the organization of work of that

[16] E/2009/48.

event, based on the organizational modalities of the fourth Dialogue, to be submitted to the Assembly before the end of its sixty-fifth session;

33. *Invites* the regional commissions to provide inputs and actively participate in the fifth High-level Dialogue on Financing for Development to be held in 2011, and in this context calls upon the regional commissions, with the support of regional development banks and other relevant entities, to hold regional consultations, as appropriate, as part of their inputs to the High-level Dialogue;

34. *Reiterates* its appeal to Member States and other potential donors to consider contributing generously to the Financing for Development Trust Fund, which would facilitate the implementation of a strengthened and more effective intergovernmental inclusive process to carry out the financing for development follow-up;

35. *Decides* to include in the provisional agenda of its sixty-sixth session the item entitled "Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference", and requests the Secretary-General to submit, under that item, an annual analytical assessment of the state of implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development, and of the present resolution, to be prepared in full collaboration with the major institutional stakeholders.

Draft resolution II
Innovative mechanisms of financing for development

The General Assembly,

Recalling the United Nations Millennium Declaration,[1] the 2005 World Summit Outcome[2] and the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals and its outcome,[3]

Recalling also the outcome of the International Conference on Financing for Development[4] and the Doha Declaration on Financing for Development,[5]

Recalling further the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development,[6]

Taking note of the informal event on innovative sources of development finance organized by the Secretary-General on 3 June 2010,[7]

Recognizing the potential of innovative mechanisms of financing to contribute to the achievement of the internationally agreed development goals, including the Millennium Development Goals,

Taking note of the ongoing work on innovative sources of financing for development, including in various forums such as the Leading Group on Innovative Financing for Development,

1. *Reaffirms* the Monterrey Consensus[4] and the Doha Declaration on Financing for Development[5] in their entirety, integrity and holistic approach, and recognizes that mobilizing financial resources for development and the effective use of those resources are central to the global partnership for development, including in support of the achievement of the internationally agreed development goals, including the Millennium Development Goals;

2. *Reaffirms* that each country must take primary responsibility for its own development and that the role of national policies and development strategies cannot be overemphasized for the achievement of sustainable development, and recognizes that national efforts should be complemented by supportive global programmes, measures and policies aimed at expanding the development opportunities of developing countries, while taking into account national conditions and ensuring respect for national ownership strategies and sovereignty;

3. *Stresses* the essential role that official development assistance plays in complementing, leveraging and sustaining financing for development in developing countries and in facilitating the achievement of development objectives, including the internationally agreed development goals, in particular the Millennium Development Goals, reiterates that official development assistance can play a

[1] See resolution 55/2.
[2] See resolution 60/1.
[3] See resolution 65/1.
[4] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.
[5] Resolution 63/239, annex.
[6] Resolution 63/303, annex.
[7] See A/65/339, annex.

catalytic role in assisting developing countries in removing constraints on sustained, inclusive and equitable growth by, inter alia, enhancing social, institutional and physical infrastructure, promoting foreign direct investment, trade and technological innovations, improving health and education, fostering gender equality, preserving the environment and eradicating poverty, and welcomes steps to improve the effectiveness and quality of aid based on the fundamental principles of national ownership, alignment, harmonization, managing for results and mutual accountability;

4. *Stresses* that innovative mechanisms of financing can make a positive contribution in assisting developing countries to mobilize additional resources for development on a stable, predictable and voluntary basis;

5. *Reiterates* that such voluntary mechanisms should be effective, aim to mobilize resources that are stable and predictable, should supplement and not be a substitute for traditional sources of finance and should be disbursed in accordance with the priorities of developing countries and not unduly burden them;

6. *Highlights* the considerable progress in innovative sources of financing for development achieved to date, and stresses the importance of scaling up present initiatives and developing new mechanisms, as appropriate;

7. *Decides* to convene a separate meeting of the Second Committee of the General Assembly during its sixty-sixth session under the item entitled "Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference" to consider the question of innovative mechanisms of financing for development;

8. Requests the Secretary-General to submit a report to the General Assembly at its sixty-sixth session examining the contribution and potential of innovative mechanisms of financing for development for achieving the internationally agreed development goals, including the Millennium Development Goals, their effectiveness and implications, taking into account that such mechanisms should be voluntary in nature and not unduly burden developing countries.